

Goertek Inc.

Annual Report 2022

Goertek

April 2023

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Section I Important Notes, Contents and Interpretations

The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of the Company guarantee that the information presented in this report shall be together be wholly liable for the truthfulness, accuracy and completeness of its contents and free of any false records, misleading statements or material omissions, and will undertake individual and joint legal liabilities.

Jiang Bin, the person in charge of the Company, and Li Yongzhi, the person in charge of accounting and the accounting department (accounting supervisor) guarantee that the financial report in this annual report is authentic, accurate and complete.

All directors have attended the board meeting to review the annual report.

The future plans and some forward-looking statements mentioned herein are planned matters which shall not constitute a substantial commitment of the Company to investors. Therefore, both investors and relevant persons should maintain their risk awareness and understand the differences among plan, forecast and commitment. Please pay attention to investment risks.

The Company faces the risks in market, operation and management. Investors are kindly reminded to pay attention to possible investment risks. For details, see "Section III Management Discussion and Analysis, XI Outlook for the Future Development of the Company" in this report.

The profit distribution proposal considered and approved by the Board of Directors of the Company is as follows: based on the total share capital registered on the record date of equity distribution minus the repurchased shares in the Company's specific securities repurchase account, the Company will distribute cash dividend of RMB 1.00 (tax inclusive) for per 10 shares to all the shareholders, as well as 0 bonus shares (tax inclusive), and there is no conversion of capital surplus into share capital.

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Directory of Reference Files

- (1) Financial statements with signatures and seals of the legal representative, the person in charge of accounting and the person in charge of accounting department (accounting supervisor);
- (2) The originals of 2022 annual report and its abstract signed by the legal representative of the Company;
- (3) The originals of the auditor's report with the seal of Zhongxi Certified Public Accountants (special general partnership) Co., Ltd. and the signature and seal of the certified public accountants;
- (4) The originals of all company documents and announcements publicly disclosed in newspapers designated by China Securities Regulatory Commission (CSRC) during the reporting period.

Interpretations

Terms	Refers to	Content of interpretation
Company, the Company, Goertek Inc.	Refers to	Goertek Inc.
Goertek Group	Refers to	Goertek Group Co., Ltd., Controlling shareholder of the Company
Weifang Goertek	Refers to	Weifang Goertek Electronics Co., Ltd., wholly owned subsidiary of the Company
Goertek Microelectronics	Refers to	Goertek Microelectronics Inc. controlled subsidiary of the Company
Weifang Goertek Microelectronics	Refers to	Weifang Goertek Microelectronics Co., Ltd., controlled subsidiary of the Company
Goertek Optical	Refers to	Goertek Optical Technology Co., Ltd., controlled subsidiary of the Company
Goertek Technology (Vietnam)	Refers to	Goertek Technology Vina Company Limited, wholly owned subsidiary of the Company
ODM	Refers to	Original Design and Manufacturing
JDM	Refers to	Joint Design and Manufacturing
Micro speaker	Refers to	The micro electro-acoustic components that transform electrical signal into acoustic signal, generate driving force through the magnetic line cutting of voice coil in magnetic field, to drive the diaphragm vibration, which then pushes the air for sounding. Compared with the micro receiver, it's characterized by higher power, wide frequency response and high fidelity, which is generally used for playing the sound.
MEMS	Refers to	Based on micron/nano technology, Micro electro mechanical system (MEMS) is a technology developed for designing, processing, manufacturing, measuring and controlling micron/nano materials. MEMS can integrate mechanical components, optical system and electric control system of driving components into a whole unit of microsystem, featured with miniaturization, intelligence, multi-function, high integration and being suitable for mass production.
Speaker module	Refers to	The acoustic component composed of one or several micro speakers and other electronic devices, which are assembled together through an injection molded housing.
Smart wearable devices	Refers to	A portable device that can be worn or carried directly, or integrated into the user's clothes or accessories.
Virtual Reality/VR	Refers to	A computer simulation system that can create and experience virtual world by using computer to generate a simulation environment into which immerses the users.
Augmented Reality/AR	Refers to	A technology that skillfully integrates virtual information with the real world. By making extensive use of multimedia, 3D modeling, real-time tracking and registration, intelligent interaction, sensing and other technical means, it applies the computer-generated text, images, 3D models, music, video and other virtual information to the real world after simulation. These two kinds of information complement each other to achieve "augmentation" of the real world.
Smart wireless earphones	Refers to	The new types of smart wireless earphones represented by TWS (True Wireless Stereo) earphones connect the left and right earphones with smart phones or other terminal devices through Bluetooth technology to form an independent stereo system, which realizes touch control, voice control, body information collection and other functions by adding various sensors.
Microsystem module	Refers to	Also known as SiP (System in Package) packaging module at the system level, it integrates multiple chips and passive components into the same package through advanced packaging technologies such as 3D packaging, to form a

		module with whole or main functions of an electronic system, so as to realize the optimal combination of performance, volume, weight and other indicators. It is a versatile next-generation microelectronics technology.
Sensor	Refers to	A detection device that is capable of feeling the measured information, and able to transform the perceived information into electrical signals or other required forms of information for output based on certain rules, in order to meet the requirements of information transmission, processing, storage, display, recording and control.
Company Law	Refers to	Company Law of the People's Republic of China
Securities Law	Refers to	Securities Law of the People's Republic of China
Articles of Association	Refers to	Articles of Association of Goertek Inc.
CSRC	Refers to	China Securities Regulatory Commission
RMB, RMB 10,000, RMB 100,000,000	Refers to	yuan (RMB), ten thousand yuan (RMB), hundred million yuan (RMB)
Reporting period	Refers to	January 1, 2022 to December 31, 2022

Other notes: In this report, any difference between the sum of some amounts and the sum of detailed items is due to rounding.

Section II Company Information and Financial Highlights

I. Company Information

Stock abbreviation	Goertek Inc.	Stock code	002241
The stock exchange where stocks are listed	Shenzhen Stock Exchange		
Name of the Company in Chinese	Goertek Inc.		
Abbreviation of the Company in Chinese	Goertek Inc.		
Name of the Company in English (if any)	Goertek Inc.		
Abbreviation of the Company in English (if any)	Goertek		
Legal representative of the Company	Jiang Bin		
Registered address	268 Dongfang Road, High-tech Industrial Development District, Weifang		
Postal code of registered address	261031		
Previous changes of registered address of the Company	No change		
Business address	268 Dongfang Road, High-tech Industrial Development District, Weifang		
Postal code of business address	261031		
Company website	http://www.goertek.com		
E-mail	ir@goertek.com		

II. Contacts and Contact Information

	Board Secretary	Securities Affairs Representative
Name	Jia Jun'an	Xu Yanqing, Xu Dapeng
Contact address	268 Dongfang Road, High-tech Industrial Development District, Weifang	268 Dongfang Road, High-tech Industrial Development District, Weifang
Tel.	0536-3055688	0536-3055688
Fax	0536-3056777	0536-3056777
E-mail	ir@goertek.com	ir@goertek.com

III. Information Disclosure and Place of the Report

Website of the stock exchange for release of the Annual Report	Shenzhen Stock Exchange (http://www.szse.cn)
Name and website of the media for release of the Annual Report	Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, CNINFO (http://www.cninfo.com.cn)
Place where the Annual Report is available for inspection	Office of Board of Directors of the Company

IV. Changes in Registration

Unified Social Credit Code	91370700729253432M
The changes in main business since the Company was listed (if any)	No change

Changes of controlling shareholders of the Company (if any)	No change
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V. Other Relevant Information

Accounting firm engaged by the Company

Name of the accounting firm	Zhongxi Certified Public Accountants (special general partnership)
Business address of the accounting firm	Room 1101, No. 11, Chongwenmenwai Street, Dongcheng District, Beijing
Names of accountants signing the report	Du Yeqin, Zhang Shuli

The sponsor institution engaged by the Company to perform continuous supervision during the reporting period

Applicable Not applicable

The financial advisor engaged by the Company to perform continuous supervision during the reporting period

Applicable Not applicable

VI. Key Accounting Data and Financial Indicators

Whether the Company performed a retrospective adjustment or restatement of previous accounting data

Yes No

	2022	2021	Year-on-year change	2020
Operating revenue (RMB)	104,894,324,162.26	78,221,418,618.02	34.10%	57,742,742,893.96
Net profit attributable to shareholders of the Company (RMB)	1,749,181,131.83	4,274,702,999.38	-59.08%	2,848,007,269.61
Net profit attributable to shareholders of the Company excluding non-recurring profits and losses (RMB)	1,627,378,630.73	3,832,421,177.27	-57.54%	2,758,911,040.03
Net cash flow from operating activities (RMB)	8,317,113,364.68	8,598,475,527.88	-3.27%	7,682,256,113.68
Basic earnings per share (RMB / share)	0.52	1.29	-59.69%	0.89
Diluted earnings per share (RMB / share)	0.52	1.28	-59.38%	0.89
Weighted average return on net assets	6.17%	17.61%	-11.44%	16.40%
	End of 2022	End of 2021	Year-on-year change	End of 2020
Total assets (RMB)	77,176,355,467.91	61,079,051,133.27	26.35%	49,117,826,313.41
Net assets attributable to shareholders of the Company (RMB)	29,491,882,199.49	27,327,747,993.97	7.92%	19,653,252,273.26

Indicate whether the lower of the net profit before and after non-recurring gains and losses was negative for the last three accounting years, and the latest auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

Yes No

Indicate whether the lower of the net profit before and after non-recurring gains and losses was negative. Yes No

VII. Differences in accounting data between domestic and foreign accounting standards

1. Differences in net profits and net assets in the financial reports disclosed according to international accounting standards and Chinese accounting standards

Applicable Not applicable

During the reporting period, there is no difference in net profits and net assets in the financial reports disclosed pursuant to international accounting standards and Chinese accounting standards

2. Differences in net profits and net assets in the financial reports disclosed according to foreign accounting standards and Chinese accounting standards

Applicable Not applicable

During the reporting period, there is no difference in net profits and net assets in the financial reports disclosed pursuant to foreign accounting standards and Chinese accounting standards.

VIII. Key Quarterly Financial Indicators

Unit: RMB

	The first quarter	The second quarter	The third quarter	The fourth quarter
Operating revenue	20,111,796,850.74	23,491,677,031.37	30,549,276,176.86	30,741,574,103.29
Net profit attributable to shareholders of the Company	901,114,518.82	1,177,731,691.33	1,761,261,980.08	-2,090,927,058.40
Net profit attributable to shareholders of the Company excluding non-recurring profits and losses (RMB)	878,301,318.86	1,136,026,374.30	1,470,919,799.57	-1,857,868,862.00
Net cash flow from operating activities	1,466,497,950.54	3,122,178,119.98	-1,028,533,463.06	4,756,970,757.22

Whether there is significant difference between the above individual or aggregate financial indicators and that of what disclosed in the quarterly reports and semi-annual reports disclosed by the Company

Yes No

IX. Items and Amounts of Non-recurring Profits and Losses

Applicable Not applicable

Unit: RMB

Item	2022	2021	2020	Explanation
Profits and losses on disposal of non-current assets (including the write-off portion of the provision for asset impairment)	122,922,237.61	-122,148,708.58	-219,544,001.32	Mainly investment income from disposal of equity owned in other companies
Government subsidies included in the current profits and losses (except those closely related to the Company's normal business, comply with national policies and regulations, and continuously grant in accordance with a certain standard quota or quantity)	351,383,799.43	464,119,437.91	221,372,903.17	Mainly special funds for enterprise innovation and development and other government subsidies

In addition to the effective hedging business related to normal business of the Company, the profits and losses from the changes in fair value arising from holding financial assets held for trading and financial liabilities held for trading, as well as the investment income from the disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets	-367,080,970.87	185,179,920.90	102,685,404.04	Mainly the gains from the fair value changes and transaction of the Company's foreign exchange derivatives
Other non-operating revenue and expenditures other than those mentioned above	15,710,102.76	13,554,671.71	5,874,633.40	
Other profit and loss items that meet the definition of non-recurring profit and loss	42,288,231.23	2,603,363.20	3,236,394.55	Mainly tax benefits and investment income from large-denomination deposits and other products
Less: Impact of income tax	26,114,589.64	84,270,186.15	21,159,380.84	
Impact of minority interests (after tax)	17,306,309.42	16,756,676.88	3,369,723.42	
Total	121,802,501.10	442,281,822.11	89,096,229.58	--

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable Not applicable

Mainly tax benefits and investment income from large-denomination deposits and other products

Description of defining the non-recurring profit and loss items, which are listed in Explanatory Announcement No. 1 on Information Disclosure for Companies with Public Offerings of Securities - Non-recurring Profit and Loss, as recurring profit and loss

Applicable Not applicable

The Company did not classify any item of the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies with Public Offerings of Securities - Non-recurring Profit and Loss, as recurring profit and loss in the reporting period.

Section III Management Discussion and Analysis

I. The situation of the industry during the reporting period

During the reporting period, the Company's main business is categorized into the industry of the manufacturing of computer, communication, and other electronic equipment, and is divided into three segments including precision components business, smart audio device business and smart hardware business. The Company operates mainly in consumer electronics, automotive electronics and other industries, with the main products including acoustics, optics, microelectronics, structural components and other precision components, as well as smart hardware products such as virtual reality (VR)/augmented reality (AR) products, TWS smart earphones, smart wearable devices, gaming console and accessories, and smart home products. The Company serves the leading global customers in the technology and consumer electronics industry by providing them with vertically integrated product solutions of precision components and smart hardware, as well as the related design, R&D and manufacturing services.

In the mobile era with smartphones as the core hardware, a large number of outstanding well-known enterprises in technology and consumer electronics industry had emerged worldwide based on the integration of hardware devices, software content and innovative applications, which drove the whole industry and related enterprises in its industrial chain to achieve significant growth and enterprise development through a long period of time in the past. However, affected by many adverse factors such as macroeconomic weakness and high inflation in many European and American countries in 2022, global smartphone product shipments declined significantly, and the transition of the technology and consumer electronics industry from the mobile era to the post-mobile era accelerated. During the reporting period, the Company continued to seize opportunities in the industry with the approach of the post-mobile era to consolidate its core competitiveness, actively expand the business of next-generation smart hardware and related components, and promote the Company's overall business development.

According to the statistics of IDC, a well-known consulting agency, the global smartphone shipment in 2022 reached about 1.21 billion units, with an approximately 11% YoY decline. As the shipments decline, the pace of innovation in technologies and application scenarios of smartphone products has slowed down, the demand of smartphone related precision component has shrunk as well. However, at the same time, advanced technologies such as 5G, AI, intelligent interaction, sensor, software algorithm are further integrated into next-generation smart hardware products, thus creating a large number of new applications and demands, so as to promote the sustainable development of next-generation smart hardware products such as VR/AR devices, smart wireless earphones, smart wearable devices and smart home products.

In the first half of 2022, the global VR industry maintained a relatively strong momentum of growth. However, in the second half of 2022, due to the adverse impact of macroeconomic downturn, inflation, weak consumption and other factors, VR products performed poorer than expected in the third and fourth quarters which are traditionally the peak season of sales in Europe and the United States, and thus impacted the annual performance of the VR industry. According to the statistics of IDC, the global shipment of VR products declined in 2022 compared to the previous year. However, according to the estimates of the Company's internal market research department, the total shipments of the world's top three VR device brands in 2022 still grew over the previous year. Though the growth of the global VR industry is slightly slower than expected, the well-known brand companies in consumer electronics and Internet industries kept actively investing in VR, which promotes the continuous development of related hardware technology and software content. In 2022, AR products were still in the early stages of technological breakthroughs and product maturity. The global market size of AR products is still limited, and the hardware technologies still face challenges in many areas such as chip, optical display, communication, power consumption, size, weight, and others. However, the great market potential still attracts extensive attention and continuous investment from well-known companies in the industry.

In November 2022, five government authorities including the Ministry of Industry and Information Technology co-issued The Virtual Reality and Industry Application Integration Development Action Plan (2022-2026) to further laid down the overall requirements, goals, key tasks and projects for the development of China's VR industry, which was expected to promote the sustainable and healthy development of the industry.

According to the statistics of FutureSource, a famous consulting agency, the global shipment of TWS smart earphones reached about 340 million units in 2022, up about 13% YoY. And about 98.61 million smart speakers were shipped globally in 2022, declined about 8.6% YoY. With the integration of AI, natural language processing and smart voice interaction technologies, the smart earphones, smart speakers and other products are expected to further develop in the future.

According to the statistics of IDC, another well-known consulting agency, the global shipment of smart wearable products such as smart watches reached about 149 million units in 2022, with approximately 9.4% YoY increase. While the overall market size is growing steadily, next-generation health monitoring technology such as non-invasive glucose monitoring is also under development and improvement, which is expected to create new applications and market demands for smart wearable products in the future.

The development of next-generation smart hardware products has also boosted the demand for related precision components such as precision optical components and modules, precision acoustic components, MEMS sensors and microsystem modules, haptic components, and precision structural parts.

From the perspective of competition, the global technology and consumer electronics industry still presents a centralized trend. Well-known enterprises with strong competitiveness and brand awareness demonstrate clear competitive advantages by possessing a large amount of technologies, talents, funds, brands and industrial ecosystem resources, thus continuously lead the technology and product innovation in the industry.

From the perspective of supply chain, developing countries including China are demonstrating more and more important roles. On one hand, China still has advantages in terms of political/economic environment, infrastructure, industrial foundation management/technical talent resources and other aspects. The overall competitiveness of electronic manufacturing enterprises of China is improving, and they undertake the demand of manufacturing service of the global supply chain. On the other hand, considering the complicated international political and economic environment, some enterprises faced the challenges of setting up a global supply chain, which needs to be tackled prudently in a scientific manner.

II. The Company's main business during the reporting period

The Company is committed to serve the leading customers in the global technology and consumer electronics industry by providing vertically integrated product solutions of precision components and smart hardware, as well as related design, R&D and manufacturing services.

The Company's main business divides into three segments including precision components business, smart audio device business and smart hardware business. The precision components business focuses on acoustics, optics, microelectronics, structural components, and other precision components. The related products include micro speaker/receiver, speaker module, haptic component (actuator), wireless charging device, antenna, MEMS microphone, MEMS sensors, microsystem module, VR optical component and module, AR optical component, AR light engine, precision structural parts and etc. The above-mentioned products are widely applied in devices such as smartphones, tablets, smart wireless earphones, VR, AR, smart wearable and smart home devices. Smart audio device business focuses on providing products related to audio, voice interaction, AI, and other technologies. The main products include smart wireless earphones (TWS), wired/wireless earphones, smart speakers, etc. Smart hardware business focuses on providing products related to entertainment, health and home security. The main products include VR, AR, smart wearable products, gaming consoles and accessories, smart home products, etc. In addition, the Company actively explored business opportunities related to automotive electronics during the reporting period, and made progress in some new directions such as car sensors, optical modules, etc.

The Company has innovative competitive advantages in the fields of acoustics, optics, MEMS microelectronics and precision manufacturing, and owns many intellectual property rights in the field of precision parts and components. In addition, the Company has accumulated rich experience in products and projects by cooperating with industry-leading clients in the field of smart audio device and smart hardware through "ODM", "JDM" and other business modes. During the reporting period, the Company maintained good, long-term cooperative relationships with leading clients in the global technology and consumer electronics industry. As a result, the Company has been highly recognized by global clients for its product solutions and services, and remains being the industry-leading manufacturer in the fields of micro speakers, MEMS microphones, MEMS sensors, VR products, TWS, smart wearable products, gaming console and accessories, etc.

During the reporting period, due to the business growth in VR, smart home gaming consoles and accessories, the revenue of the Company grew significantly. The Company's position in the industry has also been further improved as well. The Company won many honors, including being ranked the 3rd company in the Top-100 China electronic component enterprises based on comprehensive economic indexes, the 67th in the Top-500 private enterprises in China's manufacturing industry, the 118th in the Top-500 private enterprises in China, and held the position of executive member company of CITIF.

III. Analysis of Core Competitiveness

1. Industry-leading precision and intelligent manufacturing capabilities

In technology and consumer electronics related fields, the Company has been widely recognized for precision manufacturing capabilities and obtains great reputation. Relying on the core capabilities and long-term experience in the field of precision manufacturing, the Company has continuously improved the processing accuracy, efficiency and quality of precision components and smart hardware products. The Company has in-house development capabilities of various core raw materials, and The Company adopted multiple advanced processes and technologies such as ultra-high-precision mold, high-precision metal/non-metal processing, ultrasonic technology and laser technology, to build industry-leading precision manufacturing capabilities in the production of precision

optical components, MEMS sensors, microsystem modules and precision structural parts, thus ensuring the delivery of the products with high precision, high efficiency and high quality.

The Company, based on the capacities of advanced equipment development and flexible automation production, actively explores the intelligent manufacturing mode for upgrading. In the fields of automation, machine vision and AI related to intelligent manufacturing, the Company has built a future-oriented core capability of intelligent manufacturing by continuing investing in independent R&D, introducing global advanced technologies, core equipment and best practice experience for system integration, thus improving the manufacturing in all aspects through the application of information, automation, artificial intelligence and other technologies. The Company promotes the transformation of its manufacturing to a more digitalized, connected, intelligent, and service-oriented model, and to build the core capabilities of future-oriented intelligent manufacturing.

2. Multi-technologies integration platform and strong team of R&D personnel

The Company has established a product R&D and manufacturing platform integrating materials, structures, electronic circuits, software algorithms, wireless communication, advanced technology, testing, automation and other technologies. Through cross-domain technology integration, the Company provides customers with advanced and systematic solutions for precision components and smart hardware products. The Company attaches great importance to the integration and cultivation of outstanding talents in the fields of acoustics, optics, microelectronics, wireless communication, precision manufacturing, automation, and other sectors around the world. The Company has set up a team of technical personnel with profound technical strength and rich experience in product projects, and has made a long-term cooperation with many well-known universities and scientific research institutions, such as Tsinghua University, Zhejiang University, Shandong University, Southeast University, Ocean University of China, Spring Institute of Chinese Science and Technology, Xiamen University, and Changchun University of Science and Technology, which forms an open and comprehensive technology R&D platform in support of continuous innovation and R&D of technologies and products.

During the reporting period, the Company applied for 3,388 patents, including 2,545 invention patents. A total of 2,195 patents has been granted, including 1,250 invention patents. As of December 31, 2022, the Company has totally applied for 29,206 patents, including 3,738 foreign patent applications and 15,647 invention patents applications; a total of 17,720 patents have been granted, including 5,415 invention patents.

3. Continuous strategic innovation and transformation, and stable high-value customer relationships

Facing the complex macroeconomic situation of domestic and overseas, the management of the Company actively carries out strategic innovation and transformation. While continuing to consolidate the core competitive advantages in conventional business, the Company firmly grasps the innovation opportunities of next-generation smart hardware products in the technology and consumer electronics industry. Relying on the high-value customer resources and good customer relationships worldwide, the Company, oriented by the market and technology, continues to explore new business growth opportunities in the fields of consumer electronics and automotive electronics. The Company optimizes the allocation of strategic resource, supports strategic product development, continues strengthening and further utilize the customer resource advantages by closely following the world-class customers, in an effort to transform the needs of high-value customers into an inexhaustible driving force for the Company's sustainable development.

4. Excellent core management team

Although the Company experiences a rapid and sound development, the core management team keeps a steady and efficient style as always. Facing the challenges and demands of smart hardware products in the post mobile era such as rapid development, high quality, high precision manufacturing, short delivery cycle and complex customer certification process, the core management team promptly response to the market and makes changes and innovations continuously, to keep and enhance the Company's capabilities of strategic management, operation, R&D, precision and intelligent manufacturing. The Company attaches importance to and promotes the internationalization, specialization and rejuvenation of its core management team, and actively brings in senior management talents and professionals from many international leading enterprises. At the same time, the Company has strengthened the echelon of its talent team, more and more young talents grow up into the Company's core management team through training and practice. The Company boasts a management team with both experience and vitality that continues to promote the Company's stable and fast development in the future.

IV. Analysis of Main Business

1. Overview

In 2022, as the global economy faced downward pressure from a macroeconomic perspective, China's economic development was also affected by multiple unexpected factors at home and abroad. In the face of a severe external environment, China responded decisively and exercised timely regulation, introduced and implemented a package of policies and follow-up measures to stabilize the economy, and promoted economic stabilization and recovery, thus ensuring steady economic performance.

During the reporting period, the Company, by adhering to the product strategy of "Precision Components + Smart Hardware & Devices", served the leading enterprises in the global technology and consumer electronics industry, actively promoted the development of precision components (acoustics, optics, microelectronics, structural parts, etc.) and emerging smart hardware business (VR/AR, smart wireless earphones, smart wearable and smart home devices, etc.). At the same time, the Company continued to promote its internal reform and operation management improvement, so that the Company's operation from decision making to implementation operation would be more efficient. This could lay a solid foundation for future development.

During the reporting period, in the face of numerous challenges such as the weak global economy, high inflation in Europe and the United States, and the downturn in the consumer electronics industry, the management team and all staff of the company went all out to overcome these challenges calmly, completed various important tasks such as business expansion, project delivery and operational improvement, and promoted the stable development of various business fields. The Company's revenue in 2022 continued to grow significantly.

In the fourth quarter of 2022, the Company experienced fluctuations during the production of one of its new smart acoustic device products (for details, please refer to the relevant announcement made by the Company). After the occurrence of the above incidents, the Company's management team responded actively by communicating frequently with customers, facilitating the solution of the incidents, making an effort to maintain and improve customer relations, and ensured that other business cooperation is carried out as usual. The Company fully considered the impact of this matter, and based on the principle of prudence, increased the provision for related asset impairment, which resulted in a decline in the Company's net profit in 2022. In response to the above incidents, the Company has carefully reflected on its mistakes and learned important lessons, and subsequently, rectified the shortcomings in relevant work. The Company firmly believes that this contingency will not weaken the Company's core competitiveness, shake the Company's business foundation, or undermine the Company's stable and healthy development in the long term.

During the reporting period, the Company achieved an operating revenue of RMB 104,894.3242 million, with a 34.10% YoY increase. The Company realized a net profit attributable to shareholders of listed companies of RMB 1,749.1811 million, with a 59.08% YoY decline. The operating cost of the Company was RMB 93,233.4765 million, with a 38.81% YoY increase.

During the reporting period, the total amount of the Company's selling expenses, administrative expenses, R&D expenses and financial expenses was RMB 8,218.4527 million, with a 22.05% YoY increase.

During the reporting period, the Company further strengthened the development of new technologies, products and techniques, actively brought in high-level R&D talents, and invested RMB 5,198.3122 million in R&D, accounting for 4.96% of the revenue and 17.18% of the latest audited net assets of the Company.

During the reporting period, the net cash flow from operating activities of the Company was RMB 8,317.1134 million, with a 3.27% YoY decline.

2. Revenue and cost

(1) Composition of operating revenue

Unit: RMB

	2022		2021		Year-on-year change
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total of operating revenue	104,894,324,162.26	100%	78,221,418,618.02	100%	34.10%
Classified by industry					
Electronic components	102,966,939,788.80	98.16%	76,946,324,805.73	98.37%	33.82%
Other business income	1,927,384,373.46	1.84%	1,275,093,812.29	1.63%	51.16%
Classified by product					
Precision components	14,003,616,502.68	13.35%	13,840,133,491.33	17.69%	1.18%
Smart audio device	25,880,868,282.31	24.67%	30,297,084,891.23	38.73%	-14.58%

Smart hardware	63,082,455,003.81	60.14%	32,809,106,423.17	41.94%	92.27%
Other business income	1,927,384,373.46	1.84%	1,275,093,812.29	1.63%	51.16%
Classified by region					
Domestic	9,182,257,334.82	8.75%	7,571,525,782.78	9.68%	21.27%
Overseas	95,712,066,827.44	91.25%	70,649,892,835.24	90.32%	35.47%
Classified by sales mode					
Direct selling	104,414,898,362.49	99.54%	77,770,329,729.13	99.42%	34.26%
Distribution	479,425,799.77	0.46%	451,088,888.89	0.58%	6.28%

(2) Industries, products, regions and sales modes accounting for more than 10% of the Company's operating revenue or operating profit

Applicable Not applicable

Unit: RMB

	Operating revenue	Operating cost	Gross profit margin	YoY change (%) of operating revenue	YoY change (%) of operating cost	YoY change (%) of gross profit margin
Classified by industry						
Electronic components	102,966,939,788.80	91,509,198,680.69	11.13%	33.82%	38.54%	-3.03%
Classified by product						
Precision components	14,003,616,502.68	11,035,414,492.23	21.20%	1.18%	3.70%	-1.91%
Smart audio device	25,880,868,282.31	24,417,812,289.94	5.65%	-14.58%	-10.12%	-4.68%
Smart hardware	63,082,455,003.81	56,055,971,898.52	11.14%	92.27%	98.46%	-2.77%
Classified by region						
Domestic	7,668,917,691.68	6,712,603,655.53	12.47%	11.50%	13.37%	-1.44%
Overseas	95,298,022,097.12	84,796,595,025.16	11.02%	36.01%	41.01%	-3.16%
Classified by sales mode						
Direct selling	102,489,902,939.54	91,100,679,999.97	11.11%	33.98%	38.73%	-3.05%
Distribution	477,036,849.26	408,518,680.72	14.36%	6.66%	5.46%	0.97%

If the statistical caliber of the Company's main business data has been adjusted in the reporting period, adjusted statistics of main business are based on the caliber at the end of the reporting period of last year.

Applicable Not applicable

(3) Whether the Company's revenue from physical products sales is greater than the revenue from providing services

Yes No

Classification of industry	Item	Unit	2022	2021	Year-on-year change
Electronic components industry	Sales volume	Ten thousand PCS	453,825.95	540,341.87	-16.01%
	Output volume	Ten thousand PCS	461,666.20	546,976.95	-15.60%
	Inventory volume	Ten thousand PCS	41,876.34	34,036.09	23.04%

Reasons for changes in the relevant data over 30% year-on-year

Applicable Not applicable

(4) Fulfillment of major sales contracts and major procurement contracts signed by the Company as of the reporting period

Applicable Not applicable

(5) Composition of operating cost

Classification of industry

Unit: RMB

Classification of industry	Item	2022		2021		Year-on-year change
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Electronic components	Direct materials	80,345,630,863.86	87.80%	55,843,214,176.77	84.54%	43.88%
	Direct labor expenses	4,168,178,564.20	4.56%	4,058,480,923.72	6.14%	2.70%
	Manufacturing expenses	6,995,389,252.63	7.64%	6,152,377,303.86	9.31%	13.70%

Explanation

During the reporting period, the Company's overall sales volume increased. At the same time, the sales revenue of smart hardware products with a relatively high proportion of material cost increased.

(6) Whether there is any change in consolidation scope during the reporting period

Yes No

During the current period, the Company acquired 8 subsidiaries through establishment. They are respectively Goertek Optical Technology (Qingdao) Co., Ltd, Goertek Optical Technology (Shanghai) Co., Ltd., Qingdao Resonance Venture Capital Management Co., Ltd., Qingdao Resonance Phase I Venture Capital Fund Partnership (Limited Partnership), Weifang Goertek Electronics Co., Ltd., Qingdao Goertek Horizons Technology Co., Ltd., Weifang High-tech Zone Goertek Education Center and GOERTEK MICROELECTRONICS VIETNAM COMPANY LIMITED.

During the current period, the Company disposed of two subsidiaries, namely Shenzhen Mototek Smart Technology Co., Ltd. and Qingdao Resonance Venture Capital Management Co., Ltd.

(7) Significant changes or adjustments in the Company's business, products or services during the reporting period

Applicable Not applicable

(8) Major customers and suppliers

Major customers of the Company

Sales revenue from top five customers (RMB)	92,215,461,912.74
Proportion of total sales revenue from top five customers in total annual sales amount	87.91%
Proportion of sales revenue from related parties among top five customers in total annual sales amount	0.00%

Information of top five customers

No.	Name of customer	Sales amount (RMB)	Proportion in total annual sales amount
1	Customer 1	32,642,129,185.96	31.12%
2	Customer 2	29,741,869,268.77	28.35%
3	Customer 3	19,794,346,646.32	18.87%
4	Customer 4	6,317,827,464.88	6.02%
5	Customer 5	3,719,289,346.81	3.55%

Total	--	92,215,461,912.74	87.91%
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Other information of major customers

Applicable Not applicable

The top five customers do not have associated relationship with the Company. The Company's directors, supervisors, senior management, core technicians, shareholders holding more than 5% of total shares, actual controllers and other related parties do not directly or indirectly own rights and interests in the main customers.

Major suppliers of the Company

Total purchase amount from top five suppliers (RMB)	34,784,627,246.36
Proportion of total purchase amount from top five suppliers in total annual purchase amount	38.35%
Proportion of purchase amount from related parties among top five suppliers in total annual purchase amount	0.00%

Information of top five suppliers

No.	Name of supplier	Purchase amount (RMB)	Proportion in total annual purchase amount
1	Supplier 1	19,413,509,317.84	21.41%
2	Supplier 2	8,083,723,203.19	8.91%
3	Supplier 3	4,219,990,040.96	4.65%
4	Supplier 4	1,652,205,913.87	1.82%
5	Supplier 5	1,415,198,770.50	1.56%
Total	--	34,784,627,246.36	38.35%

Other information of major suppliers

Applicable Not applicable

The top five suppliers do not have associated relationship with the Company, and the Company's directors, supervisors, senior management, core technicians, shareholders holding more than 5% of total shares, actual controllers and other related parties do not directly or indirectly own rights and interests in the main suppliers.

3. Expenses

Unit: RMB

	2022	2021	Year-on-year change	Note of significant change
Selling expenses	548,298,842.05	444,869,977.08	23.25%	No significant change
Administrative expenses	2,294,505,645.46	1,951,657,773.32	17.57%	No significant change
Financial expenses	149,123,081.74	167,099,982.36	-10.76%	No significant change
R&D expenses	5,226,525,154.99	4,170,074,282.10	25.33%	No significant change

4. R&D Investment

Applicable Not applicable

Name of major R&D project	Purpose of project	Status of project	Objectives	Expected benefits to future development of the Company
R&D project of micro speaker module	Develop a new generation of micro speaker module products with high sensitivity, low distortion, large amplitude, waterproof and dustproof features.	In progress	Collaborate with major customers to iterate intelligent hardware products, complete R&D of a number of micro speaker module products, and achieve mass production and application on customer products	Continuously consolidate the Company's competitive advantage and market share in the field of acoustic precision components.
R&D project of MEMS sensor and microsystem module	To develop MEMS sensors and microsystem module products applied to smart hardware and automotive electronics.	In progress	To complete the R&D, verification, application and mass production of MEMS sensors and microsystem modules featuring voice interaction, adapterization and noise reduction, signal transmission and status monitoring, used in the field of smart hardware and automotive electronics	The project facilitates the Company's business expansion in the field of MEMS sensors and microsystem modules, and further enhances the Company's comprehensive strength in the field of MEMS.
R&D project of VR/AR precision optical components and modules	Develop the precision optical components and module products by using emerging optical technologies such as "Pancake" folded-lightpath lenses and optical waveguide technology, and promote their application in VR/AR products.	In progress	Complete the R&D and mass production of optical lens and module products for new generation of all-in-one VR products, and improve the ability of comprehensive solution of optical devices and light engines for AR products.	The project helps enhance the Company's competitive advantage and market share in the field of VR/AR precision optical components and modules, promote the Company's ability to provide customers with customized VR/AR optical solutions, and improve the Company's vertical integration ability and profitability in the field of VR/AR.
R&D project of AR optical modules	To develop micro projection modules for AR, AR-HUD, and so on, and promote its application in consumer electronics, automotive electronics, etc.	In progress	To complete the design, technical verification and commercial application of related micro projection modules, and develop micro projection module solutions for consumer electronics and automotive electronics	Enhance the competitiveness of the Company in AR optical modules, and extend the Company's capabilities in optical modules to the field of automotive electronics
R&D project of all-in-one VR HMD	Develop lightweight all-in-one VR HMD products featured with high-definition display, precise motion tracking and other features.	In progress	Cooperate with our customer to complete R&D, validation, mass production of a number of new-generation all-in-one VR HMD products based on the latest chip platform	The project helps consolidate the Company's competitive advantage and market share in the field of VR.
R&D project of TWS smart wireless earphones	Develop a new generation of TWS smart wireless earphones	In progress	Cooperate with our customer to complete R&D, validation, mass production of a number of new-generation of TWS smart wireless earphones	It helps consolidate the Company's competitive advantage and market share in the field of TWS smart wireless earphones.

R&D project of smart wearable devices for sport and health related applications	Develop a new generation of smart wearable devices with functions of independent communication, health monitoring features and etc.	In progress	Cooperate with our customer to complete R&D, validation, mass production of a new generation of smart watches and smart bands	Consolidate the Company's competitive advantage and market share in smart wearable devices such as smart watches and smart bands
R&D project of smart wireless lightweight AR glasses	Develop wireless lightweight AR glasses and their main functional modules for future AR applications.	In progress	To complete the R&D and trial production of a number of AR glasses products, based on the latest chip platform, with the functions of data processing and wireless communication, using advanced precision optics and micro-display technologies such as optical waveguide and silicon-based LED, so as to develop the solution capability for AR glasses and their main functional modules	It helps enhance the Company's R&D experience and technology accumulation in the field of AR and facilitates the business expansion of the Company in AR field.

R&D personnel of the Company

	2022	2021	Year-on-year change
Number of R&D personnel	12,305	12,895	-4.58%
Proportion of R&D personnel	14.42%	13.46%	0.96%
Academic structure of R&D personnel			
Bachelor	8,099	9,148	-11.47%
Master	2,550	2,414	5.63%
PhD	54	63	-14.29%
Age of R&D personnel			
Below the age of 30	5,346	5,105	4.72%
Aged between 30 to 40	6,172	7,162	-13.82%
Over the age of 40	787	628	25.32%

The Company's investment in R&D

	2022	2021	Year-on-year change
Amount of R&D Investment (RMB)	5,198,312,190.48	4,301,342,763.66	20.85%
Proportion of R&D investment in operating revenue	4.96%	5.50%	-0.54%
Capitalized amount of R&D investment (RMB)	597,278,121.61	662,993,650.30	-9.91%
Proportion of capitalized R&D investment in R&D investment	11.49%	15.41%	-3.92%

Reasons and impacts of significant changes in R&D personnel composition of the Company

Applicable Not applicable

Reasons for significant changes in the proportion of total R & D investment in operating revenue compared with that of previous year

Applicable Not applicable

Reasons and explanation of its reasonableness of significant changes in capitalized R & D investment

Applicable Not applicable

5. Cash flow

Unit: RMB

Item	2022	2021	Year-on-year change
Sub-total of cash inflow from operating activities	92,960,786,011.89	85,523,439,745.15	8.70%
Sub-total of cash outflow from operating activities	84,643,672,647.21	76,924,964,217.27	10.03%
Net cash flow from operating activities	8,317,113,364.68	8,598,475,527.88	-3.27%
Sub-total of cash inflow from investing activities	1,141,805,421.45	3,276,323,800.48	-65.15%
Sub-total of cash outflow from investing activities	10,218,818,104.61	10,044,700,261.35	1.73%
Net cash flow from investing activities	-9,077,012,683.16	-6,768,376,460.87	34.11%
Sub-total of cash inflow from financing activities	31,722,066,906.40	14,003,754,499.97	126.53%
Sub-total of cash outflow from financing activities	29,714,438,433.99	13,616,577,139.69	118.22%
Net cash flow from financing activities	2,007,628,472.41	387,177,360.28	418.53%
Net increase in cash and cash equivalents	1,662,092,566.77	2,224,708,917.50	-25.29%

Main influencing factors of significant year-on-year changes in relevant data

Applicable Not applicable

(1) The sub-total of cash inflow from investing activities was RMB 1,141.8054 million, with a year-on-year decline of 65.15%, and the net cash flow generated from investing activities was RMB -9,077.0127 million, with a year-on-year decline of RMB 2,308.6362 million, mainly due to the higher cash inflow from investing activities during the previous reporting period and the increase of the Company's purchase of long-term assets, such as fixed assets, and structured deposits.

(2) The subtotal cash inflow from financing activities was RMB 31,722.0669 million, with a year-on-year increase of 126.53%; the subtotal cash outflow from financing activities was RMB 29,714.4384 million, with a year-on-year increase of 118.22%; and the net cash flow generated from financing activities was RMB 2,007.6285 million, with a year-on-year increase of 418.53%, mainly due to the increase in cash received from borrowings during the reporting period.

The reason for significant difference between the net cash flow from the Company's operating activities during the reporting period and net profit in current year.

Applicable Not applicable

The net cash flow generated from operating activities exceeded the net profit of the current year by 364.38%, mainly due to the expansion of operation scale and the increase of accumulated asset depreciation and amortization and the provision for asset impairment.

V. Analysis of Non-main Business

Applicable Not applicable

Unit: RMB

	Amount	Proportion in total profit	Explanation of the cause	Whether it is sustainable
Investment income	-36,243,969.62	-2.40%		No
Gains on changes in fair value	-57,081,334.97	-3.78%		No
Asset impairment	-1,782,744,359.91	-118.12%	Mainly due to the provision for	No

losses			impairment of assets related to a new smart acoustic product during the reporting period	
Non-operating income	21,477,460.44	1.42%		No
Non-operating expenses	122,730,370.49	8.13%		No

VI. Analysis of Assets and Liabilities

1. Major changes in asset composition

Unit: RMB

	End of 2022		At the beginning of 2022		YoY change (%)	Note of significant change
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Cash at bank and on hand	12,682,871,091.80	16.43%	10,048,521,696.09	16.45%	-0.02%	
Accounts receivable	14,396,180,782.93	18.65%	11,899,214,525.92	19.48%	-0.83%	
Inventories	17,348,670,744.58	22.48%	12,082,308,485.38	19.78%	2.70%	Increased inventories along with the expansion of operation scale
Long-term equity investments	361,008,671.83	0.47%	437,402,203.91	0.72%	-0.25%	
Fixed assets	21,459,756,268.25	27.81%	18,123,352,480.76	29.67%	-1.86%	Raised funds to invest in projects, increased the purchase of production equipment, testing devices, and some infrastructure projects have been converted into fixed assets after reaching their intended state of use
Construction in progress	2,424,443,775.33	3.14%	2,127,055,853.77	3.48%	-0.34%	
Right-of-use assets	580,175,922.73	0.75%	330,796,520.66	0.54%	0.21%	
Short-term borrowings	7,120,846,026.67	9.23%	4,284,859,347.02	7.02%	2.21%	Increased operating capital along with the expansion of operation scale
Contract liabilities	2,295,347,547.31	2.97%	2,210,825,761.69	3.62%	-0.65%	
Long-term borrowings	2,206,000,000.00	2.86%	2,204,215,784.74	3.61%	-0.75%	
Lease liabilities	470,704,507.75	0.61%	210,209,955.40	0.34%	0.27%	
Accounts payable	25,748,758,270.19	33.36%	18,529,609,655.40	30.34%	3.02%	The number of purchasing orders

						increased along with business expansion
Current portion of non-current liabilities	1,095,618,327.74	1.42%	501,408,170.04	0.82%	0.60%	
Other current liabilities	4,252,178.60	0.01%	14,844,359.01	0.02%	-0.01%	
Deferred tax liabilities	816,118,632.40	1.06%	389,933,389.40	0.64%	0.42%	
Financial liabilities held for trading	202,293,742.46	0.26%	15,190,564.34	0.02%	0.24%	
Notes payable	4,850,498,246.08	6.28%	2,742,876,464.23	4.49%	1.79%	With the expansion of operation scale, company's purchase payments settled by banker's acceptance bills increased, and the amount of outstanding acceptance bills increased

Foreign assets account for a relatively high proportion

Applicable Not applicable

Asset details	Cause of formation	Assets scale (RMB)	Location	Operation mode	Measures to ensure asset safety	Earnings	Proportion of overseas assets in the net assets of the Company	Whether there is a significant impairment risk
Goertek Technology (Vietnam)	Establishment	4,107,738,419.61	Vietnam	Production & sales	Effective internal control mechanism	Normal	13.58%	No
Other circumstances	The assets scale refers to the net assets of overseas subsidiaries. The proportion of overseas assets in the net assets of the Company refers to the proportion of the net assets of overseas subsidiaries in the net assets of the listed Company at the end of the reporting period							

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	Opening balance	Profit and loss from changes in fair value in the reporting period	Cumulative changes in fair value included in equity	Impairment accrued in current period	Purchase amount in the reporting period	Sales amount in the reporting period	Other changes	Closing balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	300,234,328.79	-49,950,701.98			210,000,000.00		11,100,146.56	471,383,773.37
2. Derivative financial assets	20,462,992.36	164,830,672.72					646,234.52	185,939,899.60

3. Other debt investments	14,575,230.24				190,438,343.84	182,637,699.96		22,375,874.12
4. Investments in other equity instruments	465,677,764.54		63,867,720.18		201,302,452.01	20,893,800.00	39,145,000.85	699,249,262.24
Sub-total of financial assets	800,950,315.93	114,879,970.74	63,867,720.18		601,740,795.85	203,531,499.96	50,891,381.93	1,378,948,809.33
Total of above amounts	800,950,315.93	114,879,970.74	63,867,720.18		601,740,795.85	203,531,499.96	50,891,381.93	1,378,948,809.33
Financial liabilities	15,190,564.34	-			30,332,436.75	15,190,564.34		202,293,742.46

Other changes

None

Whether the measurement attributes of major assets of the Company have changed significantly during the reporting period

Yes No

3. Restrictions on asset rights as of the end of reporting period

Items	Book value at the end of the reporting period (RMB)	Reasons for restrictions
Cash at bank and on hand	1,392,748,538.84	Deposit for bills and borrowings
Notes receivable	5,848,815.01	Bill pledge and others
Current portion of non-current assets	70,184,291.67	When large-denomination certificates of deposit is pledged to the bank, the bank will issue financing guarantees, notes and so on
Other non-current assets	544,796,722.20	
Total	2,013,578,367.72	

VII. Analysis of Investment

1. Overall situation

Applicable Not applicable

Investment amount in 2022 (RMB)	Investment amount in 2021 (RMB)	YoY change (%)
9,210,478,674.05	7,494,700,261.35	22.89%

Other explanations:

To better reflect the overall investment status of the Company during the reporting period, the statistical indicators were adjusted, along with the corresponding statistics of the same period of last year. The investment amount of the same period of last year was RMB 533.09 million before adjustment and RMB 7,494.70million after adjustment. The total investment amount of the Company in 2022 was RMB 9,210.48 million, with a year-on-year growth of 22.89%, mainly due to the increased investment for purchasing equipment.

2. Major equity investments acquired during the reporting period

Applicable Not applicable

3. Major non-equity investments in progress during the reporting period

Applicable Not applicable

Unit: RMB

Name of project	Investment mode	Whether it is the investment in fixed assets	Project industry	Amount invested during the reporting period	Accumulated actual investment by the end of the reporting period	Source of funds	Project progress	Estimated income	Accumulated income by the end of the reporting period	Reasons for failure to reach the planned progress and expected benefits	Disclosure date (if any)	Disclosure index (if any)
Project of Dongguan Songshan Lake Goertek Industrial Park	Self-built	Yes	Electronic components	184,507,138.34	495,232,699.67	Self-raised funds	22.21%	Not applicable	Not applicable	Not applicable	January 3, 2019	For details, see Announcement of Goertek Inc. on Signing of Investment Cooperation Agreement between the Wholly-owned Subsidiary of the Company and the Management Committee of Dongguan Songshan Lake High-tech Industrial Development Zone published in the information disclosure media such as CNINFO (http://www.cninfo.com.cn), Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily.
Total	--	--	--	184,507,138.34	495,232,699.67	--	--	Not applicable	Not applicable	--	--	--

4. Financial asset investment

(1) Securities investment

Applicable Not applicable

Unit: RMB

Security type	Security code	Security abbreviation	Initial investment cost	Accounting measurement model	Book value at the beginning	Profit and loss from changes in fair value in the reporting period	Cumulative changes in fair value included in equity	Purchase amount in the reporting period	Sales amount in the reporting period	Profit and loss in the reporting period	Book value at the end of the reporting period	Accounting items	Source of funds
Domestic and foreign stocks	KOPN	KOPN	84,852,571.05	Fair value measurements	98,804,286.66	-66,082,088.60					32,722,198.06	Financial assets held for trading	Self-raised funds
Total			84,852,571.05	--	98,804,286.66	-66,082,088.60					32,722,198.06	--	--
Date of announcement disclosure by the Board of Directors for approval of securities investment			February 11, 2017										
Date of announcement disclosure by shareholders meeting for approval of securities investment (if any)			March 2, 2017										

(2) Derivatives investment

Applicable Not applicable

1) Investments in derivatives for hedging during the reporting period

Applicable Not applicable

Unit: RMB 10,000

Type of derivatives investment	Amount of initial investment	Profit and loss from changes in fair value in the reporting period	Cumulative changes in fair value included in equity	Amount of purchase during the reporting period	Amount of sales during the reporting period	Closing balance	Proportion of investment amount in the Company's net
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							asset at the end of the reporting period
Option	121,138.30	-1,799.24		931,833.60	760,458.70	292,513.20	9.67%
Forward	518,981.98	-5,986.25		2,828,663.79	2,731,278.67	616,367.10	20.37%
Swap	178,519.60	7,072.43		519,780.22	380,493.00	317,806.82	10.50%
Total	818,639.88	-713.06		4,280,277.61	3,872,230.37	1,226,687.12	40.54%
Description of whether the accounting policies and specific accounting principles for the Company's hedging business has changed significantly compared with that of previous reporting period	<p>The Company's derivatives transactions are calculated in accordance with Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments. The initial measurement is based on the fair value of the derivatives on the date of the signing of the transaction contracts, and the subsequent measurement is based on its fair value. The derivative instrument with positive fair value is recognized as an asset, while the one with negative fair value is recognized as a liability. The profits and losses generated by changes in fair value are directly recognized in current profit and loss.</p> <p>The accounting policies and specific accounting principles for the Company's derivatives have no significant change compared with that of previous reporting period.</p>						
Statement of actual profit and loss in the reporting period	The actual profit and loss of the Company's investments in derivatives for hedging during the reporting period was -309.9996 million.						
Statement of hedging effect	To avoid exchange rate risks in daily operations, the Company hedged against its risks through financial derivatives. The changes in the value of the financial derivatives effectively hedged the risk of changes in the existing position, and the overall hedging result is within expectations.						
Source of funds for derivatives investment	Self-raised funds						
Risk analysis and control measures for derivatives positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>1. The financial derivatives transactions carried out by the Company are for the purpose of fixing costs, avoiding and preventing risks of foreign exchange rate and interest rate, and prohibiting any risk speculation. The trading quota of the Company's financial derivatives shall not exceed the authorized quota as reviewed and approved by the Board of Directors or the general meeting of shareholders. 2. The Company has formulated a strict management system for financial derivatives transactions, which clearly stipulates the operating principles, approval authority, responsible departments and persons, internal operating procedures, information isolation measures, internal risk reporting system and risk handling procedures, and information disclosure of financial derivatives transactions, in order to control trading risks arising therefrom. 3. The Company shall carefully review the terms of contracts signed with qualified banks and other financial institutions, and strictly implement the risk management system to prevent legal risks. 4. The Company's business personnel will continue to track the changes in the open market price or fair value of financial derivatives, timely assess the changes in risk exposure of financial derivatives transactions, and regularly report to the management of the Company. If any abnormal situation, inform the Board of Directors of the risk and take emergency measures accordingly. 5. The internal audit department regularly conducts internal audit on the compliance of financial derivatives transactions.</p>						
In case of changes in market price or fair	Changes in the fair value of foreign exchange derivatives are calculated based on the difference between the fair market price and the contract price in the month of the settlement date determined by the Company.						

value of invested derivatives during the reporting period, the analysis of fair value of the derivatives shall disclose the specific methods used and the setting of relevant assumptions and parameters	
Litigation involved	None
Date of announcement disclosure by the Board of Directors for approval of the investment in derivatives	March 30, 2022
Date of announcement disclosure by shareholders meeting for approval of the investment in derivatives	May 13, 2022
Special opinions of independent directors on the Company's derivatives investment and risk control	The Company carries out financial derivatives transactions mainly to avoid foreign exchange risks associated with RMB exchange rate fluctuations and effectively control the cost uncertainty caused by foreign exchange risks. The Company has formulated the Management System of Goertek Inc.'s Financial Derivatives Trading Business, which is conducive to strengthen the management and control of the risks associated with financial derivatives transactions. The deliberation, approval, voting and other procedures of this proposal are in line with the relevant provisions of Company Law, Articles of Association, and overall interests of the Company, without damage to the legitimate rights and interests of minority shareholders. Therefore, the Company has been approved to carry out the business above.

2) Investments in derivatives for speculation during the reporting period

Applicable Not applicable

The Company did not make any investment in derivatives for speculation during the reporting period.

5. Use of raised funds

Applicable Not applicable

(1) Overall use of raised funds

Applicable Not applicable

Unit: RMB 10,000

Year of raising	Means of raising	Total fund raised	The total amount of raised funds used during the reporting period	Accumulated amount of raised funds that have been used	Total amount of raised funds with changed purposes during the reporting period	Accumulated total amount of raised funds with changed purposes	Proportion of accumulated total amount of raised funds with changed purposes	Total amount of raised funds that have not been yet used	Purpose of the raised funds that have not been yet used	The amount of raised funds that have been idle for more than two years
2020	Public issuance of convertible corporate bonds	398,903.00	130,147.65	337,203.58	0.00	0.00	0.00%	61,699.42	Supplementing working capital and deposited in the special account for raised funds	0.00
Total	--	398,903.00	130,147.65	337,203.58	0.00	0.00	0.00%	61,699.42	--	0.00
Description of overall use of raised funds										
The Company actually invested RMB 1,301.4765 million of raised fund in current period. As of December 31, 2022, the Company had used a total of RMB 3,372.0358 million of raised funds, with RMB 616.9942 million unused (interest excluded), of which RMB 450 million was used to temporarily supplement the working capital, and the remaining funds was deposited in the special account for raised funds of the Company.										

(2) Projects in which the raised funds were proposed to be invested

Applicable Not applicable

Unit: RMB 10,000

Committed investment projects and investment of over-raised funds	Whether the project has been changed (including partial changes)	Total committed investment of raised funds	Total investment after adjustment (1)	Amount invested during the reporting period	Accumulated investment amount at the end of the reporting period (2)	Investment progress at the end of the period (3)= (2)/(1)	The date on which the project reaches its intended usage state	Benefits realized during the reporting period	Whether it achieved the expected benefits	Whether there is any significant change in the feasibility of the project
Committed investment projects										
The project of binaural true wireless smart earphones	No	218,903.00	218,903.00	55,521.72	220,141.92	100.57%	August 31, 2022	2,685.01	No	No
AR/VR and related optical module project - AR/VR project	No	60,000.00	60,000.00	30,205.61	60,581.38	100.97%	August 31, 2022	42,339.54	Yes	No

AR/VR and related optical module project - optical module project	No	40,000.00	40,000.00	30,589.63	33,758.03	84.40%	June 30, 2023	4,468.07	Yes	No
Qingdao R&D center project	No	80,000.00	80,000.00	13,830.69	22,722.25	28.40%	December 31, 2023	Not applicable	Not applicable	No
Sub-total of committed investment projects	--	398,903.00	398,903.00	130,147.65	337,203.58	--	--	49,492.62	--	--
Direction of the investment with over raised funds										
None										
Total	--	398,903.00	398,903.00	130,147.65	337,203.58	--	--	49,492.62	--	--
Explain the reasons for failure to achieve the planned progress and estimated profit by item (including the reasons why "Not applicable" is selected under "Whether the estimated profit was achieved")	<p>① Affected by changes in the market and customers' projects, the binaural true wireless smart earphones project did not achieve the expected profit.</p> <p>② Affected by the actual needs of the Company and project, Qingdao R&D Center project was behind schedule. The Company may accelerate subsequent investment based on the actual needs, in an effort to achieve the maximum efficiency of the raised funds.</p>									
Description of significant change in the feasibility of the project	Not applicable									
Amount, use of over-raised funds and progress of use thereof	Not applicable									
Change in location of the project invested with raised funds	Applicable									
	<p>Occurred in previous years</p> <p>On August 20, 2020, the Company held the 8th meeting of the 5th Board of Directors and the 6th meeting of the 5th Board of Supervisors, which reviewed and approved the Proposal on Changing the Implementation Subject and Implementation Location of Some Investment Projects with Raised Capital and Increasing the Capital of Wholly-owned Subsidiaries, and agreed to change: the implementation subject of AR/VR and related optical module projects from Goertek Inc. to the Company's subsidiaries Weifang Goertek and Goertek Optical; The implementation location was changed accordingly from Goertek Photoelectric Park in Weifang High-tech Zone to Weifang Goertek Plant, east of Gaoxin No. 2 Road, south of Yuqing East Street in Weifang comprehensive free trade zone and Goertek Optical Plant, phase III of Goertek Photoelectric Park in Weifang High-tech Zone; The Company increased the capital to Weifang Goertek with the raised funds of RMB 600 million and increased the capital to Goertek Optical with the raised funds of RMB 400 million, for the purpose of specific implementation of above-mentioned investment projects.</p>									
Adjustment on how to invest the projects with raised funds	Not applicable									

Upfront investment of the project with raised funds and replacement thereof	Applicable On July 9, 2020, the Company held the 7th meeting of the 5th Board of Directors and the 5th meeting of the 5th Board of Supervisors, which reviewed and approved the Proposal on Replacing the Self-raised Funds Invested in the Projects in Advance with the Raised Funds, and agreed to use the raised funds to replace the self-raised funds of RMB 315.7238 million invested in the investment projects in advance. The fund replacement above has been verified by Zhongxi Certified Public Accountants (special general partnership) Co., Ltd., and an authentication report has been issued.
Temporary replenishment of working capital with idle raised funds	Applicable ① On July 9, 2020, the Company held the 7th meeting of the 5th Board of Directors and the 5th meeting of the 5th Board of Supervisors, which reviewed and approved the Proposal on Temporary Replenishment of Working Capital with Idle Raised Funds. It was agreed that the Company shall use the idle raised funds not exceeding RMB 2.5 billion to temporarily supplement working capital. The validity period shall not exceed 12 months from the date of approval by the Board of Directors. After expiration, it shall be returned to the special account for raised funds in a timely manner. The Company returned RMB 0.8 billion and RMB 1.7 billion of the raised funds to the special account for raised funds in advance on September 17, 2020 and November 4, 2020 respectively. ② On November 5, 2020, the Company held the 11th meeting of the 5th Board of Directors and the 9th meeting of the 5th Board of Supervisors, which reviewed and approved the Proposal on Temporary Replenishment of Working Capital with Partial Idle Raised Funds. It was agreed that the Company temporarily supplements the working capital with idle raised funds of no more than RMB 2.5 billion. The validity period shall not exceed 12 months from the date of approval by the Board of Directors. After expiration, it shall be returned to the Company's special account for raised funds in a timely manner. The Company returned RMB 0.5 billion and RMB 2 billion of the raised funds to the special account for raised funds on October 29, 2021 and November 3, 2021 respectively. ③ On November 8, 2021, the Company held the 24th meeting of the 5th Board of Directors and the 19th meeting of the 5th Board of Supervisors, which reviewed and approved the Proposal on Temporary Replenishment of Working Capital with Partial Idle Raised Funds. It was agreed that the Company temporarily supplements the working capital with idle raised funds of no more than RMB 1.2 billion. The validity period shall not exceed 12 months from the date of approval by the Board of Directors. After expiration, it shall be returned to the Company's special account for raised funds in a timely manner. The Company returned the above-mentioned RMB 300 million, RMB 100 million and RMB 100 million of the raised funds to the special account for raised funds on February 24, 2022, May 16, 2022, and August 29, 2022 respectively. The Company returned the remaining RMB 700 million of the raised funds to the special account for raised funds on November 4, 2022. ④ On November 21, 2022, the Company held the 1st meeting of the 6th Board of Directors and the 1st meeting of the 6th Board of Supervisors, which reviewed and approved the Proposal on Temporary Replenishment of Working Capital with Partial Idle Raised Funds. It was agreed that the Company temporarily supplements the working capital with idle raised funds of RMB 450 million. The validity period of which shall not exceed 12 months from the date of approval by the Board of Directors. After expiration, it shall be returned to the special account for raised funds in a timely manner.
Amount and reasons for the balance of raised funds in the implementation of the project	Not applicable
Purpose of the raised funds that have not been yet used	The unused raised funds shall be deposited in the special account for raised funds.
Problems or other situations in the use and disclosure of raised funds	None

(3) Changes in the projects in which the raised funds were proposed to be invested

Applicable Not applicable

There was no change in the projects in which the raised funds were proposed to be invested during the reporting period.

VIII. Sales of major assets and equities

1. Sales of major assets

Applicable Not applicable

The Company did not sell any major assets during the reporting period.

2. Sales of major equity

Applicable Not applicable

IX. Analysis of major subsidiaries and associates

Applicable Not applicable

Major subsidiaries and associates with an impact of more than 10% on the Company's net profit

Unit: RMB

Name of company	Type of company	Main business	Registered capital	Total assets	Net asset	Operating revenue	Operating profit	Net profit
Goertek Technology Vina Company Limited	Subsidiary	Electronic component manufacturing	796,907,040.00	12,409,733,040.39	4,107,738,419.61	18,006,535,442.52	1,410,777,715.29	1,409,023,464.60
Weifang Goertek Electronics Co., Ltd.	Subsidiary	Electronic component manufacturing	1,405,601,925.00	17,913,095,353.28	4,352,685,419.96	42,724,868,464.90	419,812,739.34	421,807,998.29
Goertek (HongKong) Co., Limited	Subsidiary	Electronic component manufacturing	1,542,045.00	24,132,254,761.29	1,519,208,415.75	64,224,417,880.80	414,865,735.06	402,793,144.67
Yili Precision Manufacturing Co., Ltd.	Subsidiary	Electronic component manufacturing	330,000,000.00	3,693,141,919.10	861,868,622.80	2,623,240,930.28	389,987,170.03	343,924,705.39
Weifang Goertek Microelectronics Co., Ltd.	Subsidiary	Electronic component manufacturing	500,000,000.00	2,513,660,559.63	1,749,075,557.18	2,541,277,266.22	282,115,675.05	252,636,135.90

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Name of company	Approach on acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
Goertek Optical Technology (Qingdao) Co., Ltd	Newly established	No significant impact
Goertek Optical Technology (Shanghai) Co., Ltd	Newly established	No significant impact
Qingdao Resonance Venture Capital Management Co., Ltd.	Newly established	No significant impact
Qingdao Resonance Phase I Venture Capital Fund Partnership (Limited Partnership)	Newly established	No significant impact
Weifang Goertek Electronics Co., Ltd.	Newly established	No significant impact
Qingdao Goertek Horizons Technology Co., Ltd	Newly established	No significant impact
Weifang High-tech Zone Goertek Education Center	Newly established	No significant impact
Goertek Microelectronics Vietnam Company Limited	Newly established	No significant impact
Shenzhen Mototek Smart Technology Co., Ltd.	Sales of equities	No significant impact
Qingdao Resonance Venture Capital Management Co., Ltd.	Sales of equities	No significant impact

Description of major subsidiaries and associates

None

X. Structural Entities Controlled by the Company

Applicable Not applicable

XI. Outlook for the Future Development of the Company

1. Industry trend and competition

In the mobile era, smartphones and related products have been the main focus of innovation and the growth drivers of the global technology and consumer electronics industry over years. According to the forecast of IDC, a well-known consulting agency, the global smartphone shipment in 2023 will reach about 1.19 billion units, with an approximately 1.1% YoY decline. The global smartphone shipment is expected to grow at an CAGR of only about 2.6% between 2023 and 2027. The slow-down of the growth reflects the trend that the global technology and consumer electronics industry is stepping into the post-mobile era.

In the post-mobile era, with the development of new technologies such as semiconductor, 5G, micro-display, sensor, intelligent interaction, battery, cloud and edge computing, more and more next-generation smart hardware products with greatly improved functions and diversified applications are emerging. In particular, new breakthroughs in the fields of AI, natural language processing and content generation technology are expected to further promote the development and application of those smart hardware products.

According to the forecast of IDC, the global shipment of VR/AR products is expected to reach 10.1 million units in 2023, with approximately a 14% YoY increase. The CAGR of global VR shipment from 2023 to 2026 is expected to be around 32%. The steady growth of VR end user, the upgrade of VR hardware and the development and maturity of VR content and applications such as social networking, games, entertainment and live broadcasting, will help the VR industry to grow continuously in the next few years.

According to the forecast of IDC, the global shipment of AR products is expected to reach 0.3 million units in 2023, with approximately an 11% YoY increase. The CAGR of global AR shipment from 2023 to 2026 is expected to be around 137%. With the abilities to combine virtual world over reality and to seamless connect to the mobile Internet ecosystem, AR product shows unlimited future possibilities and great market potential, and is expected to become one of the core smart hardware products in the post-mobile era. Technological breakthroughs in semiconductor chips, optical waveguide, micro displays and other fields are also expected to promote the development and maturity of AR products in the next few years.

According to the forecast of IDC, the global shipment of smart watches is expected to reach 162 million units in 2023, with approximately a 9.1% YoY increase. The CAGR of global shipment of smart watches from 2023 to 2027 is expected to be around 6.1%. The global market of smart wearable products is growing steadily but also incubate the opportunity of an explosive growth. In the post-mobile era, consumers pay greater attention to fitness and health. For millions of people around the globe those who has hypertension, diabetes and sub-health issues, high precision and reliable health monitoring technologies, especially precise blood pressure monitoring and non-invasive blood sugar monitoring technologies, are currently the focus of innovation of the industry. Breakthroughs in the above technologies are expected to bring dramatic growth to smart wearable products before long.

According to the forecast of FutureSource, the global shipment of TWS smart earphones is expected to reach about 366 million units in 2023, with approximately a 7.6% YoY increase. With the combination of AI, natural language processing and smart voice interaction technologies, the user experience of TWS smart earphones is expected to continuously improve, and its penetration is expected to continuously increase as well.

The further development of next-generation smart hardware products will also boost the demand for related precision components such as precision optics and modules, precision acoustic components, MEMS sensors and microsystem modules, haptic components and precision structural parts, which will also create new business opportunities for the Company.

In terms of the competitive landscape, the global technology and consumer electronics industry may continue to demonstrate a centralized trend. In the post-mobile era, massive investment in technological innovation and R&D is required for the development of smart hardware products, for which the "soft power" of the ecosystem, such as developer base, user base, software applications, entertainment content, community loyalty and data monetization, becomes more and more important. The leading companies with capital, talent, technology and ecosystem advantages are expected to strengthen their competitive advantages, so as to lead technology and product innovation in the industry.

In terms of the supply chain, the electronic manufacturers in China are strengthening their overall competitiveness. These manufacturers are expected to better meet the needs of electronic product manufacturing in the post-mobile era and gain new opportunities of development. However, it should also be noted that the changes in international political and economic landscapes, especially the relationship between major countries, may have a significant impact to pattern of the industrial supply chain. To which, manufacturers need to pay more attention and respond carefully and scientifically.

2. Strategy for future development

Looking into the future, the Company will actively respond to the innovation-driven development strategy, promote the upgrade of industrial structure, strengthen technological innovation, and accelerate the development of a modern industrial system. It will grasp the opportunities of transformation from the mobile era to the post-mobile era by closely following the development of 5G, AI, IoT, cloud computing and other advanced technologies. The Company will continue to strengthen its development in the field of next-generation smart hardware products and related precision components, constantly consolidate the strategic cooperation with world-class customers, and fulfill the economic and social responsibilities of the enterprises, thus to achieve stable and healthy growth of the Company's value in return for shareholders.

(1) Actively grasp the new opportunities in the post-mobile era, and further promote the Company's strategy of "precision components + smart hardware". Continue to strengthen the competitiveness of precision components and smart hardware products, and actively develop the business related to next-generation smart hardware products. Utilize the synergy between the Company's component business and system device business, continue to strengthen the core capabilities in precision and intelligent manufacturing, and provide customers with the first-class vertically integrated product solutions and "one-stop" R&D and manufacturing services.

(2) Continue the key-account strategy, remain customer-oriented, maintain good relationships with core customers, and utilize the Company's advantages in customer resource. Focus on serving leading customers in the global technology and consumer electronics industry, and continue to consolidate long-term strategic cooperation with customers. Closely follow the strategic planning and development of world-class customers, and to create a global system of R&D, manufacturing and sales services accordingly. Continue to satisfy our customers with our business, technology, engineering, operation and delivery services, in order to achieve win-win cooperation and to grow with the world-class customers.

(3) Adhere to technological innovation and continue to invest in R&D. Constantly improve the Company's technical competitiveness in acoustics, optics, microelectronics, precision manufacturing, automation, IT technology, software algorithm, etc., to build the core technical competitiveness for future development of the enterprise. Firmly implement the talent strategy by recruiting outstanding personnel in management and technology fields around the world, build and effectively motivate a first-class talent team, thus to provide sufficient talents for future development of the Company.

(4) Constantly improve corporate governance and management, and promote the standardized and efficient internal operation. Continuously improve the internal structure, processes and internal management system. Strengthen the awareness of lean operation, improve the level of lean operation and seek benefits from it. Being market-oriented and customer-oriented, continues to push forward internal reform and innovation, and to build core competitiveness upon continuous reform and innovation activities. Create an excellent corporate culture, undertake the core values of "customer orientation, personnel growth, integrity and pragmatism, win-win cooperation", and earnestly fulfill the economic and social responsibilities of the enterprise, to become a respected world-class enterprise.

3. Business operation during the reporting period and business plan for next year

In 2022, the Company carried the "precision components + smart hardware" strategy, remained customer-oriented and focused on key accounts. By leveraging the synergy between the components business and system device business, the Company grasped business opportunities in next-generation smart hardware such as VR, gaming consoles and accessories, and gained continuous revenue growth. While consolidating the advantages in conventional business, the Company also explored new opportunities in both consumer electronics and automotive electronics fields, and obtained progresses in precision optical components and modules, car sensors, microsystem modules and etc. The Company continued to invest in R&D and technological innovation, completed more patent applications and gained more patent approvals, strengthened the capabilities of R&D and talent team, and further strengthened the core competitiveness of the Company.

Looking into the year of 2023, the Company still faces many challenges due to downward pressure of global economy and the complexities in the external environment. However, there are new business opportunities in the global technology and consumer electronics industry. The next-generation smart hardware products are more and more adopted in many fields. The hardware and software ecosystems are constantly being improved. The Company's main business still have the potential of continuous growth and the internal operation could also be further improved. The management and the staff of the Company will continue to implement our strategy and to achieve business objectives, so as to return the shareholders and investors with good business performance and continuous growth of the value of the Company.

(1) Maintain strategic focus and grasp development opportunities

The Company will seize the business opportunities of smart hardware products in the post-mobile era by adhering to the "precision components + smart hardware" strategy and utilize the synergy between the components and system device business. The Company will further expand the business of smart hardware products by virtue of its core technological capabilities and advanced product solutions in the field of precision components. And through that business development, the Company will create more applications and

demand for the precision components. By integrating the core capabilities in precision manufacturing and intelligent manufacturing, the Company will be able to provide first-class "one-stop" R&D and manufacturing services to global customers.

(2) Adhere to the customer-orientation philosophy and key-accounts strategy, identify and serve strategic customers

Follow the strategy and business plan of core customers, the Company will carry out corresponding business, products and capacity plans, work with the customer in their frameworks and schedules and provide industry-leading R&D and manufacturing services. The Company will continuously build excellent customer service team to satisfy our customers in long term in all aspects of business, technology, engineering, operation, and delivery, to enhance customer loyalty and satisfaction, and achieve win-win cooperation with customers.

(3) Empower business expansion and create new opportunities

Based on the consolidation of the existing business advantages in precision components and smart hardware products, the Company will further explore new directions and opportunities. By grasping the opportunities in precision optical components and modules, sensors, microsystem modules, VR, AR, and other products, the Company will secure the key projects to obtain core customers, and follow up with new opportunities in automotive electronics, micro-display and other fields as well.

(4) Improve lean operation and complete successful delivery of key projects

The Company will constantly promote the idea of lean operation, learn from the project experience in 2022, to improve the level of operation and to support the business objectives with high-quality and efficient operation. The Company will make thorough planning of its resources, ensure the delivery of key projects that closely related to the strategy and the business objectives, and to achieve the goals of the Company.

(5) Continue to invest in independent R&D and technological innovation, strengthen core competitiveness with talent strategy

The Company will continue to invest in R&D and technological innovations centered on future strategic directions, and strengthen the technical capabilities in the fields of acoustics, optics, microelectronics, precision and intelligent manufacturing. The Company will embrace the management and technical talents globally, keep bringing in high-level talents, carry out solid efforts in the selection, cultivation, motivation and retention of talents, and to support the Company's strategic implementation and business development with high-quality talent echelon.

(6) Effectively control risks and maintain healthy operation

The Company will continue to maintain a sound business strategy, strengthen risk awareness, pay close attention to changes in the external environment, perform effective control on risk indicators in production operation of the Company, take the initiative to identify and resolve potential risks, and ensure sustainable development of production and operation activities.

4. The demand and planning of fund

The Company maintains a healthy asset and liability structure, and obtained a good long-term cooperative relationship with banks and other major financial institutions. In 2023, the Company will continue to improve the management of cash, optimize payment terms, control capital expenditure and enhance the efficiency of fund. The Company will carefully evaluate various financing tools to optimize the asset-liability ratio and debt structure. The Company will also carefully manage financial derivatives trading activities with strict standards, to actively avoid liquidity risks and foreign exchange risks. And with all the measures above, to thus provide stable and sufficient financial support to the development of the Company.

5. Future risks

(1) Macroeconomic risks

Global economy has yet to recover. Inflation remains high in major European and American countries. Unfavorable factors that affecting investment and consumption still exist, which may hinder the development of the global technology and consumer electronics industry in the short term. The world political and economic situation remains complex and grim. Trade disputes between major countries and geopolitical events have brought uncertainties to global economy, which may adversely affect the business of the Company. Some intelligent hardware products, such as smartphones, have slowed down or stagnated in growth rate, and some next-generation smart hardware products may develop slower than expected. This may impact the global market demand as well as the Company's business performance.

(2) Operational risks

① Risks of relatively concentrated customers

The competitive pattern of global technology and consumer electronics industry, along with the Company's business model and key account strategy, determined a relatively concentrated customer structure. As a result, the business income from a few core customers accounts for a large proportion of the Company's overall revenue. Although the above customers are global industry leaders who have significant competitive advantages and market position, and have maintained long-term and stable cooperative relations with the

Company, under some special circumstances, they may bring fluctuations and risks to the Company's business if their business activities fluctuate.

② Risks of exchange rate fluctuation

The export business accounts for a high proportion of the Company's overall revenue. At the same time, the Company also imports a considerable number of raw materials, equipment and other products from overseas. These import and export businesses are primarily settled in US dollars. Although the Company has adopted appropriate risk hedging tools, the significant fluctuation of RMB/US dollar exchange rate may still bring certain exchange rate risks to the Company.

③ Risks of loss of core technical talents

The technology and consumer electronics industry is a talent intensive industry. Therefore, the demand for core technical talents is strong, and the competition for talents is very fierce. Core technical talents are the key resources for the Company to continuously improve its core competitiveness and realize long-term development. For this reason, the Company will continue to improve various incentive and restraint mechanisms in order to retain core technical talents. Under fierce competition, there may still be the loss of core technical talents, which may put the Company at a disadvantage in the competition and affect the business development in some cases.

(3) Risks of management

In recent years, the Company has successfully expanded its business in each product line. The business scale has been expanded significantly, as well as the variety of products and the size of the staff has grown rapidly. The growing business brings higher requirements to the Company in overall operation and management ability. The Company implements the strategic plan of developing core customer business and exploring new opportunities, which also requires the Company's management to maintain excellent abilities of judgment, execution and management. If the Company's management fails to match the business growth, or fails to be improved to meet the needs of the Company's development, it may affect the execution of strategic planning and the delivery of business objectives, thus bringing management risks to the Company.

XII. Reception, research, communication, interview and other activities during the reporting period

Applicable Not applicable

Reception time	Reception place	Type of communication	Type of attendees	List of attendees	Main content of discussion and information provided	Index of related information
April 8, 2022	The Company	Other	Other	Investors participated in the Company's performance presentation meeting of 2021	The Company's overall operation and business development	The record of investor relations activities published on www.cnifo.com.cn on April 8, 2022
April 27, 2022	The Company	Conference Call	Institutional Investors	Hua An Fund, BlackRock Assets, Yinhua Fund, etc.	The Company's overall operation and business development	The record of investor relations activities published on www.cnifo.com.cn on April 27, 2022
August 30, 2022	The Company	Conference Call	Institutional Investors	Macquarie, Huaxin Securities, Huatai Securities, etc.	The Company's overall operation and business development	The record of investor relations activities published on www.cnifo.com.cn on August 30, 2022

September 28, 2022	The Company	Conference Call	Institutional Investors	Allianz Global Investors, CPPIB, Manulife, etc.	The Company's overall operation and business development	The record of investor relations activities published on www.cnifo.com.cn on September 28, 2022
November 16, 2022	The Company	Other	Other	Investors participated in the 2022 Online Collective Reception Day for Investors of Listed Companies in Shandong Province	The Company's overall operation and business development	The record of investor relations activities published on www.cnifo.com.cn on November 16, 2022

Section IV Corporate Governance

I. Corporate Governance in Practice

During the reporting period, the Company continuously improved the corporate governance structure, the internal management and control system, and continued to carry out corporate governance activities in strict accordance with the requirements of relevant laws, regulations and normative documents such as Company Law, Securities Law, Corporate Governance of Listed Companies, Rules Governing the Listing of Shares on Shenzhen Stock Exchange as well as with relevant documents of China Securities Regulatory Commission and the relevant instructions of Shandong Securities Regulatory Bureau, so as to further standardize the Company's operation and improve the level of corporate governance.

By the end of the reporting period, the actual practice of corporate governance met the relevant requirements of the above laws, administrative regulations, departmental rules and normative documents on the governance of listed companies, and no documents concerning administrative supervision measures taken by the supervised departments was received.

By the end of the reporting period, the details of actual practice of corporate governance are as follows:

1. Shareholders and shareholders' meetings: The Company has convened and held shareholders' meetings in strict accordance with the Rules for General Meeting of Shareholders of Listed Companies and the Company's Rules of Procedure of Shareholders' Meetings, so as to ensure that all shareholders, especially minority shareholders, enjoy equal status and fully exercise their rights; In addition, lawyers were engaged to witness the legitimacy of the convening, holding and voting procedures of each general meeting of shareholders.
2. The Company and controlling shareholders: The Company, with independent business and operation autonomy, is independent of the controlling shareholders in business, personnel, assets, organizations and finance. The Board of Directors, Board of Supervisors and internal institutions of the Company operate independently. The controlling shareholders exercise their rights through shareholders' meeting, and there was no direct or indirect interference with the Company's operations and decision-making beyond the general meeting of shareholders.
3. Directors and the Board of Directors: The Company elects directors in strict accordance with the selection and appointment procedures stipulated in the Articles of Association. There are three independent directors in the Board, the number of directors and the composition of the Board of Directors meet the requirements of laws and regulations and the Articles of Association. All directors may carry out their work in accordance with Rules of Procedure of the Board of Directors and Working System for Independent Directors, they attended all the Board of Directors meetings, and all the related trainings as required.
4. Supervisors and the Board of Supervisors: The election of supervisors and the composition of the Board of Supervisors were in strict accordance with relevant provisions of Company Law and Articles of Association. The Company's supervisors strictly followed the Rules of Procedure of the Board of Supervisors. All supervisors scrupulously attended the sessions, seriously fulfilled their duties diligently, and supervised and issued opinions for major issues, related-party transactions, and financial status.
5. Performance appraisals and incentives: The Company has gradually improved its fair and transparent performance evaluation standards and incentive a restraint mechanism for directors, supervisors and senior management. The appointment of Company's senior management is open and transparent, and in line with the provisions of laws and regulations.
6. Stakeholders: The Company fully respects and safeguards the legitimate rights and interests of stakeholders, actively communicates and coordinates with stakeholders, to balance the interests of the society, shareholders, the Company, employees and other parties, and jointly promotes the Company's development in a sustainable and steady manner.
7. Information disclosure and transparency: The Company duly performed the disclosure obligations in accordance with the provisions of Rules Governing the Listing of Shares on Shenzhen Stock Exchange, Articles of Association and Investor Relations Management Rules, and discloses information as per the law, so as to ensure that the information disclosure is true, timely, accurate and complete. All shareholders were given equal access to the information. The Company has gradually revised and improved the Insider Information Management Rules, further improved the insider information management, strengthened the confidentiality of insider information, maintained the fair principle of information disclosure and protected the legitimate rights and interests of investors. The Company has appointed the secretary of the Board of Directors as the head of investor relations management of the Company, responsible for the Company's information disclosure and investor relations management. The Company has designated Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and cninfo.com.cn to disclose Company's information in a faithful, accurate and timely manner, strictly in accordance with relevant laws and regulations, Rules on Information Disclosure and Rules on Internal Reporting of Material Information, so that all shareholders have a fair chance to get information.

Whether there is any significant difference between actual situation of corporate governance and laws, administrative regulations and the provisions on governance of listed companies issued by CSRC

Yes No

There is no significant difference between the actual situation of corporate governance and the laws, administrative regulations and the provisions on governance of listed companies issued by CSRC

II. Particulars about the independence of the Company from controlling shareholder and actual controller in terms of the assets, personnel, finance, organization and business

The Company is completely separated from the controlling shareholders in terms of business, personnel, assets, organization and finance. The ownership of the assets is clear and belongs to the Company. The Company has the capability of self-operation in its marketing, production and procurement etc., does not depend on major shareholders or their affiliated enterprises, there is no mixed operation with major shareholders.

1. Business independence: The Company had its own production, procurement and sales system, and was completely independent of controlling shareholder in terms of business.

2. Personnel separation: There is a department responsible for the Company's labor, personnel and salary management in the Company, and rules and regulations has been established for appraisal of employees' performance. Personnel of the Company were independent from the controlling shareholder. The Senior Management of the Company did not hold any positions other than director and supervisor in the related shareholders and other entities with same or similar business.

3. Institutional independence: The Board of Directors, Board of Supervisors, Senior Management and other internal organization of the Company operated independently, and each functional department is completely independent from controlling shareholder in terms of authority, personnel, production operation premises, etc., and there is no subordinate relationship between the controlling shareholder and its functional departments.

4. Asset independence: The title relationship between the Company and the controlling shareholder was clear. The Company's assets were complete. The Company has independent and complete production system, auxiliary production system and supporting facilities, as well as land use right, industrial property right, patented technology and other assets.

5. Financial independence: The Company has its own separate financial department and an independent accounting system and financial management system from the controlling shareholder. The Company makes financial decisions on its own according to the requirements of relevant accounting systems of listed companies. At the same time, implement vertical management on financial affairs of its subsidiaries. The Company opened accounts in the bank independently, made tax declarations and performed tax obligations independent of shareholders according to law.

III. Horizontal Competition

Applicable Not applicable

IV. Annual General Meeting and Extraordinary General Meeting held during the Reporting Period

1. General meeting of shareholders during the reporting period

Session	Type of meeting	Percentage of investor participation	Convening date	Disclosure date	Meeting resolution
General meeting of shareholders of 2021	Annual general meeting of shareholders	41.71%	May 12, 2022	May 13, 2022	For details, refer to the Announcement of Resolutions of the 2021 Annual General Meeting published by Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and CNINFO (http://www.cninfo.com.cn)
The first extraordinary general	Extraordinary general meeting	39.83%	July 26, 2022	July 27, 2022	For details, refer to the Announcement of the

Session	Type of meeting	Percentage of investor participation	Convening date	Disclosure date	Meeting resolution
meeting of shareholders in 2022	of shareholders				Resolution of the 1st Extraordinary Shareholders' Meeting in 2022 published by Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and CNINFO (http://www.cninfo.com.cn)
The second extraordinary general meeting of shareholders in 2022	Extraordinary general meeting of shareholders	35.66%	November 15, 2022	November 16, 2022	For details, refer to the Announcement of the Resolution of the 2nd Extraordinary Shareholders' Meeting in 2022 published by Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and CNINFO (http://www.cninfo.com.cn)
The 3rd Extraordinary Shareholders' Meeting in 2022	Extraordinary general meeting of shareholders	30.84%	December 19, 2022	December 20, 2022	For details, refer to the Announcement of the Resolution of the 3rd Extraordinary Shareholders' Meeting in 2022 published by Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily and CNINFO (http://www.cninfo.com.cn)

2. Extraordinary general meeting of shareholders requested by the Preference shareholders with voting rights restored

Applicable Not applicable

V. Directors, Supervisors and Senior Management

1. Basic Information

Name	Position	Appointment status	Gender	Age	Term start date	Term end date	Number of shares held at the beginning of the period	Number of shares increased during the period	Number of shares decreased during the period	Other increase or decrease changes	Number of shares held at the end of the period	Reason for change in shares
Jiang Bin	Chairman	Incumbent	Male	57	July 27, 2007	November 14, 2025	287,397,406				287,397,406	
Jiang Long	Vice Chairman	Incumbent (resigned as)	Male	49	July 27, 2007	April 6, 2023	250,345,197				250,345,197	

	President	Vice Chairman and President on April 6, 2023)			October 30, 2014	April 6, 2023							
Duan Huilu	Director	Incumbent	Male	47	February 4, 2016	November 14, 2025	3,474,500					3,474,500	
	Vice President				March 25, 2011	November 14, 2025							
Li Youbo	Vice President	Incumbent (Serving as President of the Company since April 7, 2023)	Male	46	June 2, 2021	April 7, 2023							
	Director	Incumbent			November 15, 2022	November 14, 2025							
Wang Kun	Independent Director	Incumbent	Female	47	November 8, 2019	November 14, 2025							
Huang Yidong	Independent Director	Incumbent	Female	58	November 15, 2022	November 14, 2025							
Jiang Fuxiu	Independent Director	Incumbent	Male	54	November 15, 2022	November 14, 2025							
Feng Pengbo	Chairman of Board of Supervisors	Incumbent	Male	55	November 15, 2022	November 14, 2025							
Xu Xiaofeng	Employee representative Supervisor	Incumbent	Female	46	September 17, 2013	November 14, 2025							
Wei Wenbin	Employee representative Supervisor	Incumbent	Male	45	April 27, 2021	November 14, 2025							
Gao Xiaoguang	Vice President	Incumbent	Male	47	April 12, 2012	November 14, 2025							
Liu Chunfa	Vice President	Incumbent	Male	47	October 10, 2013	November 14, 2025	864,000					864,000	
Jiang Hongzhai	Vice President	Incumbent	Male	53	October 10, 2013	November 14, 2025							
Yu Dachao	Vice President	Incumbent	Male	45	October 24, 2016	November 14, 2025							
Jia Jun'an	Vice President, Secretary of the Board	Incumbent	Male	52	October 10, 2013	November 14, 2025	200,000	600,000				800,000	Increase holdings
Li Yongzhi	Chief Financial Officer	Incumbent	Male	45	January 27, 2021	November 14, 2025							
Liu Chengmin	Director	Resigned	Male	52	November 29, 2016	November 15, 2022							
Xia Shanhong	Independent Director	Resigned	Female	65	October 20, 2016	November 15, 2022							
Wang Tianmiao	Independent Director	Resigned	Male	63	October 20, 2016	November 15, 2022							
Sun Hongbin	Chairman of Board of Supervisors	Resigned	Male	57	September 17, 2013	November 15, 2022	7,089,534					7,089,534	

Kazuyoshi Yoshinaga	Vice President	Incumbent (resigned on March 7, 2023)	Male	56	October 24, 2016	March 7, 2023						
Zhu Shengbo	Vice President	Resigned	Male	49	June 2, 2021	November 15, 2022						
Total	--	--	--	--	--	--	549,370,637	600,000	0		549,970,637	--

Whether there is any resignation of directors, supervisors and senior management during the reporting period

Yes No

Changes in directors, supervisors and senior management

Applicable Not applicable

Name	Position	Type	Date	Reason
Liu Chengmin	Director	Leave office upon expiration of term	November 15, 2022	Leave office upon expiration of term
Xia Shanhong	Independent Director	Leave office upon expiration of term	November 15, 2022	Leave office upon expiration of term
Wang Tianmiao	Independent Director	Leave office upon expiration of term	November 15, 2022	Leave office upon expiration of term
Sun Hongbin	Chairman of Board of Supervisors	Leave office upon expiration of term	November 15, 2022	Leave office upon expiration of term
Zhu Shengbo	Vice President	Leave office upon expiration of term	November 15, 2022	Leave office upon expiration of term
Huang Yidong	Independent Director	Elected	November 15, 2022	Elected as an independent director of the 6th Board of Directors of the Company
Jiang Fuxiu	Independent Director	Elected	November 15, 2022	Elected as an independent director of the 6th Board of Directors of the Company
Feng Pengbo	Chairman of Board of Supervisors	Elected	November 15, 2022	Elected as Chairman of the 6th Board of Supervisors

2. Biographical Information

Professional backgrounds, main working experience and current duties of the Directors, Supervisors and the Senior Management

(1) Members of the Board of Directors of the Company:

Jiangbin, male, a Chinese citizen with no foreign residency right, who was born on September 1966, holding a master's degree in business administration from Tsinghua University and bachelor's degree in electronic engineering from Beihang University. Mr. Jiang, Chairman of the company, founded Goertek Inc. in 2001. He has more than 30 years of working experience in the electro-acoustic industry. He also serves as standing member of the 12th executive committee of the All-China Federation of Industry and Commerce, rotating chairman of China Electronic Components Association, and vice chairman of Industry of Virtual Reality Alliance. He has won the titles of National Model Worker, Shandong Province Model Worker, National Leading Entrepreneur in Electronic Information Industry, Leading Entrepreneur in Shandong Province, and Outstanding Talent in Qilu.

Jiang Long, male, a Chinese citizen with no foreign residency right, who was born in February 1974, Ph.D. in strategic management from the University of Maryland, a master's degree holder in management science from Renmin University of China, and a bachelor's degree holder in materials engineering from Tsinghua University. He served as the vice chairman and president of the Company as of the end of the reporting period. Joined the Company in 2004, Mr. Jiang successively served as vice president, senior vice president and executive vice president of the company. Mr. Jiang is also the Vice President of China Audio Industry Association and the chairman

of China Electronic Components Association-Electroacoustic Chapter. Mr. Jiang has extensive experience in marketing, sales and business management. Mr. Jiang resigned as vice chairman, director and president of the Company on April 6, 2023.

Duan Huilu, male, a Chinese citizen with no foreign residency right, who was born in February 1976, with a bachelor's degree in accounting from Shandong University of Finance and Economics. Mr. Duan, Director and Vice President of the company, He joined the company in 2001 and successively served as the company's accountant, finance manager, finance department manager and chief financial officer. Mr. Duan has more than 20 years of working experience in corporate finance.

Li Youbo, male, a Chinese citizen with no foreign residency right, who was born in December 1977, with a bachelor's degree in automation from Dalian University of Technology. He served as the director and vice president of the Company as of the end of the reporting period. He joined the company in 2003 and successively served as engineer, technical manager, head of the business department, etc. Mr. Li has nearly 20 years of experience in R&D and manufacturing of electroacoustic components/devices. Li Youbo has assumed the position of President of the Company since April 7, 2023.

Wang Kun, female, a Chinese citizen with no foreign residency right, who was born in April 1976, with a Ph.D. in accounting from Hong Kong University of Science and Technology and a bachelor's degree in accounting from Nankai University. She is currently an associate professor at the Department of Accounting, School of Economics and Management, Tsinghua University, deputy director and senior researcher of the Research Center of Corporate Governance of Tsinghua University, and an independent director of the Company and China International Futures Co., Ltd. Ms. Wang used to serve as lecturer and director of the doctoral program in the Department of Accounting, School of Economics and Management, Tsinghua University, and independent director of Beijing Thunisoft Co., Ltd., Integrated Electronic Systems Lab Co., Ltd., etc. She has won the Excellence in Teaching Award of the School of Economics and Management of Tsinghua University for several times and has rich experience in finance and auditing.

Huang Yidong, female, a Chinese citizen with permanent residency in Japan, who was born in March 1965, with a Ph.D. in electronic engineering from Tsinghua University. She is currently a professor in the Department of Electronic Engineering of Tsinghua University, deputy director of the Academic Committee of Tsinghua University, and fellow of OSA. She is also the executive director of the Optical Society of China, member of the Micro-nano Optics Professional Committee, vice chairman of the China Electronic Education Society, vice president of the Higher Education Branch, deputy editor-in-chief of ACS Photonics magazine, and independent director of the Company and Zhuhai Optical Library Technology Co., Ltd. She used to serve as distinguished researcher of NEC Institute of Optical-Wireless Devices, deputy dean and head of the Department of Electronic Engineering of Tsinghua University, and dean of Tianjin Institute of Electronic Information of Tsinghua University.

Jiang Fuxiu, male, a Chinese citizen with no foreign residency right, who was born in June 1969, served as a postdoctoral fellow in accounting at Guanghua School of Management, Peking University, and has a Ph.D. in economics from Nanjing University. He is a professor and doctoral supervisor in the Department of Finance, Business School, Renmin University of China. He also serves as an independent director of the Company and Beijing Chunju Technology Co., Ltd. He used to serve as an independent director of Beixun Group Co., Ltd., Yantai Longyuan Power Technology Co., Ltd., Beijing Zhongxin International Travel Co., Ltd., Datang International Power Generation Co., Ltd., etc.

(2) Members of the Supervisory Board of the Company

Feng Pengbo, male, a Chinese citizen with no foreign residency right, was born in July 1968. He has a bachelor's degree in mechanical manufacturing technology and equipment from Xi'an University of Technology and the professional title of Senior Engineer, and won the honor of Model Worker in Shandong Province. He is the chairman of the Supervisory Board. Mr. Feng is an expert in the automation and has rich experience in automation equipment R&D and manufacturing.

Xu Xiaofeng, female, is a Chinese citizen with no foreign residency right, who was born in October 1977, has a bachelor's degree in electrical technology from Zhengzhou Institute of Aeronautical Industry Management majoring and a bachelor's degree in business administration from China University of Petroleum. He is currently a supervisor of the Company and the person in charge of the work of the Party and masses. Ms. Xu joined the company in 2001, and successively served as the assistant manager of the quality control department, the enterprise development department and the operation department, and the head of the Company's employee service center. Ms. Xu has rich experience in business management.

Wei Wenbin, male, a Chinese citizen with no foreign residency right, who was born in July 1978, has a bachelor's degree in material shaping and control engineering from Jilin University. He is currently a supervisor and head of the employee management department of the Company. Mr. Wei joined the company in 2004, and successively served as the head of the company's production and operation management department, human resources management department, lean manufacturing management department, employee management and other related departments.

(3) Senior management personnel of the Company

Jiang Long (Refer to the resume above for details.)

Li Youbo (Refer to the resume above for details.)

Liu Chunfa, male, a Chinese citizen with no foreign residency right, who was born in October 1976, graduated from Lanzhou Railway Institute majoring in mechatronics. Vice President of the company. Since joining the Company in 1999, he successively served as engineer and assistant manager of the R&D department, technical manager of the technical engineering department, senior product manager, head of the manufacturing department, senior manager of the R&D department, person in charge of the business department, etc. Mr. Liu has over 20 years of experience in the fields of electroacoustic components, especially in miniature loudspeakers and receivers.

Jiang Hongzhai, male, a Chinese citizen with no foreign residency right, who was born in December 1970, graduated from Shandong Institute of Information Technology, majoring in computer application. Vice President of the company. Mr. Jiang used to serve as factory director of Yuefeng Electronic Technology (Dongguan) Co., Ltd., and engineer of Weifang Radio Eighth Factory. He joined the Company in 2006 and successively served as deputy general manager of equipment department, employee management department, manager of subsidiaries business, etc. Mr. Jiang has more than 20 years of experience in the field of precision machining, and has rich experience in logistics support such as administration and infrastructure, etc.

Yu Dachao, male, a Chinese citizen with no foreign residency right, who was born in May 1978, has a bachelor's degree in computer science and engineering, Tianjin University of Technology. Vice President of the company. He joined the Company in 2005 and successively served as the manager, product manager, deputy general manager of the R&D department, head of the business department, and head of the supply chain management department. Mr. Yu has rich experience in the fields of intelligent electronic product development and supply chain management.

Gao Xiaoguang, male, a Chinese citizen with no foreign residency right, who was born in March 1976, has a master's degree in business administration from Southern Cross University, Australia. Vice President of the company. He joined the Company in 2001, and successively served as manager, deputy manager and general manager of the device business department and head of the marketing system. He has rich experience in market expansion and key client maintenance.

Duan Huilu (Refer to the resume above for details.)

Jia Jun'an, male, a Chinese citizen with no foreign residency right, who was born in February 1971, holds a Ph.D. degree in economics from Xiamen University, a master's degree of economics from Shandong University, a bachelor's degree in economics from Shandong University of Finance and Economics. Vice President and the Secretary of the Board. He used to serve as the tax manager of KPMG Enterprise Consulting (China) Co., Ltd., Qingdao Branch. Mr. Jia joined the company in 2010 and served as deputy general manager of financial department. Mr. Jia is a member of Chinese Institute of Certified Public Accountants (CICPA) and member of Association of Chartered Certified Accountants (ACCA), and holds the Certificate for Secretary of the Board of Directors, and his qualification complies with relevant provisions of Rules Governing the Listing of Shares on Shenzhen Stock Exchange and the Articles of Association.

Kazuyoshi Yoshinaga, male, Japanese citizen, who was born in September 1967, holds a master's degree in business administration from University of Washington and a bachelor's degree in mechanics from Tongji University. He currently serves as vice president of the Company, and deputy secretary-general of the China Virtual Reality Industry Association. He was an associate partner at IBM. He joined the Company in 2015, and has extensive experience in the field of strategy and transformation management. Kazuyoshi Yoshinaga resigned on March 7, 2023.

Li Yongzhi, male, a Chinese citizen with no foreign residency right, who was born in November 1978, holds a master's degree in business management and a bachelor's degree in management from Hefei University of Technology. Chief Financial Officer of the company and the Head of the Accounting Office. He joined the Company in 2005 and successively served as accountant and financial manager of the financial department. Mr. Li is senior accountant and certified management accountant (CMA), with more than 15 years of experience in corporate finance.

Positions held in shareholders' entities

Applicable Not applicable

Name	Name of the shareholder entity	Position undertaken in shareholder unit	Term start date	Term end date	Receive remuneration or allowance from shareholders' entity (Yes/No)
Jiang Bin	Goertek Group Co., Ltd.	Chairman	November 15, 2021	November 14, 2024	No
Jiang Long	Goertek Group Co., Ltd.	Director	November 15, 2021	November 14, 2024	No

Duan Huilu	Goertek Group Co., Ltd.	Director	November 15, 2021	November 14, 2024	No
Positions held in shareholders' entities	None				

Positions held in other entities

 Applicable Not applicable

Name	Name of other entity	Position undertaken in other unit	Term start date	Term end date	Receive remuneration or allowance from shareholders' entity (Yes/No)
Jiang Bin	Weifang Goertek Electronics Co., Ltd.	Chairman	November 23, 2019	November 22, 2025	No
Jiang Bin	Goertek Optical Technology Co., Ltd.	Chairman	April 20, 2022	April 19, 2025	No
Jiang Bin	Beijing Goertek Investment Management Co., Ltd.	Executive Director	January 22, 2019	January 21, 2025	No
Jiang Bin	Weifang Goertek Education Investment Co., Ltd.	Executive Director	March 22, 2019	March 21, 2025	No
Jiang Long	Rongcheng Goertek Technology Co., Ltd.	Chairman	July 15, 2020	July 14, 2023	No
Jiang Long	Goertek Technology Vina Company Limited	Chairman	January 31, 2019	December 31, 2024	No
Jiang Long	Goertek Electronics, Inc.	Director	May 1, 2020	April 30, 2023	No
Jiang Long	Weifang Goertek Electronics Co., Ltd.	Director / General Manager	November 26, 2019	November 25, 2025	No
Jiang Long	Goertek Optical Technology Co., Ltd.	Director / General Manager	April 20, 2022	April 19, 2025	No
Jiang Long	Goertek Technology Co., Ltd.	Executive Director / General Manager	December 10, 2021	December 9, 2026	No
Jiang Long	Goertek Intelligence Technology Co., Ltd.	Executive Director / General Manager	August 18, 2020	August 17, 2023	No
Jiang Long	Goertek Microelectronics Inc.	Chairman	October 20, 2020	April 7, 2023	No
Jiang Long	Qingdao Goertek Intelligent Sensor Co., Ltd.	Executive Director	October 22, 2021	October 21, 2024	No
Jiang Long	Weifang Goertek Microelectronics Co., Ltd.	Executive Director	December 9, 2019	April 7, 2023	No
Jiang Long	Shanghai Goertek Microelectronics Co., Ltd.	Executive Director	October 14, 2020	April 7, 2023	No
Jiang Long	Beijing Goertek Microelectronics Co., Ltd.	Executive Director	August 7, 2020	April 7, 2023	No
Jiang Long	Wuxi Goertek Microelectronics Co., Ltd.	Executive Director	August 7, 2020	April 7, 2023	No
Jiang Long	Shenzhen Goertek Microelectronics Co., Ltd.	Executive Director	July 23, 2020	April 7, 2023	No
Jiang Long	Rongcheng Goertek Microelectronics Co., Ltd.	Executive Director	November 1, 2021	April 7, 2023	No

Jiang Long	Qingdao Goertek Microelectronics Research Institute Co., Ltd.	Executive Director	November 30, 2020	April 7, 2023	No
Jiang Long	Enkris Semiconductor Inc.	Director	November 18, 2021	April 7, 2023	No
Jiang Long	Qingdao Virtual Reality Institute Co., Ltd.	Chairman	April 12, 2022	April 11, 2025	No
Jiang Long	Goertek Optical Technology (Shanghai) Co., Ltd	Director	February 16, 2022	February 15, 2025	No
Jiang Long	Qingdao Goertek Horizons Technology Co., Ltd	Director / General Manager	May 19, 2022	May 18, 2025	No
Jiang Long	Goertek Optical Technology (Qingdao) Co., Ltd	Director	June 29, 2022	June 28, 2025	No
Duan Huilu	Goertek Technology Vina Company Limited	Director	January 31, 2019		No
Duan Huilu	Goertek Technology Co., Ltd.	Supervisor	August 14, 2021	August 13, 2024	No
Duan Huilu	Goertek Investment Co., Ltd.	Executive Director / General Manager	December 7, 2015	December 6, 2025	No
Duan Huilu	Weifang Goertek Electronics Co., Ltd.	Director	November 23, 2021	November 22, 2024	No
Duan Huilu	Weifang Goertek Trading Co., Ltd.	Executive Director / General Manager	August 26, 2020	August 25, 2023	No
Duan Huilu	Beijing Goertek Investment Management Co., Ltd.	Supervisor	January 22, 2019	January 21, 2025	No
Duan Huilu	Goertek (HongKong) Co., Limited	Director	April 26, 2019	April 25, 2025	No
Duan Huilu	Qingdao Goertek Commercial Factoring Co., Ltd.	Executive Director / General Manager	January 11, 2021	January 10, 2024	No
Liu Chunfa	Goertek Vina Co., Ltd.	Director	January 1, 2019		No
Liu Chunfa	Goertek Technology Vina Company Limited	Director	January 31, 2019		No
Liu Chunfa	Shanghai Goertek Technology Co., Ltd.	Supervisor	April 25, 2020	April 24, 2023	No
Jiang Hongzhai	Yili Precision Manufacturing Co., Ltd.	Executive Director	July 5, 2019	July 4, 2022	No
Jiang Hongzhai	Weifang Goertek Communication Technology Co., Ltd.	Executive Director	June 26, 2021	June 25, 2024	No
Jiang Hongzhai	Dongguan JoyForce Precision Manufacturing Co., Ltd.	Executive Director	December 11, 2019	December 10, 2025	No
Jiang Hongzhai	Kunshan Goertek Electronics Co., Ltd	Executive Director	November 9, 2020	November 8, 2026	No
Jiang Hongzhai	Nanning Goertek Electronics Co., Ltd	Chairman	November 12, 2021	November 11, 2024	No
Jiang	Nanning Goertek Trading	Chairman	November 29, 2021	November 28, 2024	No

Hongzhai	Co., Ltd.				
Yu Dachao	Beijing Goertek Technology Co., Ltd.	Executive Director / General Manager	November 30, 2019	November 29, 2025	No
Yu Dachao	Xi'an Goertek Electronic Technology Co., Ltd.	Executive Director	May 7, 2019	May 6, 2025	No
Yu Dachao	Qingdao Goertek Acoustics Technology Co., Ltd.	Executive Director / General Manager	December 10, 2021	December 9, 2024	No
Yu Dachao	Yishui TECO Electronic Technology Co., Ltd.	Chairman / General Manager	December 10, 2019	December 9, 2025	No
Yu Dachao	Goertek Technology Vina Company Limited	Director	January 31, 2021		No
Gao Xiaoguang	Yishui Goertek Electronics Co., Ltd.	Executive Director / General Manager	February 13, 2021	April 19, 2022	No
Gao Xiaoguang	Shenzhen Goertek Technology Co., Ltd.	Executive Director / General Manager	October 29, 2021	October 28, 2024	No
Gao Xiaoguang	Shanghai Goertek Technology Co., Ltd.	Executive Director	April 25, 2020	April 24, 2023	No
Gao Xiaoguang	Goertek Electronics, Inc.	Manager	December 19, 2018	December 18, 2024	No
Gao Xiaoguang	AKM Industrial Company Limited	Non-executive director	March 12, 2015	July 31, 2022	No
Jia Jun'an	Goertek Investment Co., Ltd.	Supervisor	December 7, 2021	December 6, 2024	No
Jia Jun'an	Weifang Goertek Electronics Co., Ltd.	Supervisor	November 26, 2019	November 25, 2025	No
Jia Jun'an	AKM Industrial Company Limited	Non-executive director	November 17, 2015	July 31, 2022	No
Li Yongzhi	Goertek Optical Technology Co., Ltd	Supervisor	March 23, 2021	April 21, 2022	No
Li Yongzhi	Goertek Intelligence Technology Co., Ltd.	Supervisor	August 18, 2020	August 17, 2023	No
Li Yongzhi	Kunshan Goertek Electronics Co., Ltd	Supervisor	November 9, 2020	November 8, 2023	No
Li Yongzhi	Qingdao Goertek Commercial Factoring Co., Ltd.	Supervisor	January 11, 2021	January 10, 2024	No
Li Yongzhi	Nanning Goertek Electronics Co., Ltd	Supervisor	November 12, 2021	November 11, 2024	No
Li Yongzhi	Nanning Goertek Trading Co., Ltd.	Supervisor	November 29, 2021	November 28, 2024	No
Li Yongzhi	Xi'an Goertek Electronic Technology Co., Ltd.	Supervisor	May 7, 2019	May 6, 2025	No
Li Yongzhi	Yishui TECO Electronic Technology Co., Ltd.	Supervisor	December 10, 2019	December 9, 2025	No
Li Yongzhi	Rongcheng Goertek Technology Co., Ltd.	Supervisor	July 15, 2020	July 14, 2023	No
Li Yongzhi	Goertek Microelectronics Inc.	Director	December 23, 2020	December 22, 2023	No
Li Youbo	Shanghai Goertek	General Manager	July 23, 2020	July 22, 2023	No

	Technology Co., Ltd.				
Li Youbo	Weifang Goertek Electronics Co., Ltd.	Supervisor	May 9, 2022	May 8, 2025	
Zhu Shengbo	Nanning Goertek Electronics Co., Ltd	Director	November 12, 2021	November 11, 2024	No
Zhu Shengbo	Nanning Goertek Trading Co., Ltd.	Director	November 29, 2021	November 28, 2024	No
Zhu Shengbo	Goertek Vina Co., Ltd	Chairman	January 1, 2019		No
Zhu Shengbo	Goertek Technology Vina Company Limited	Director	January 31, 2019		No
Zhu Shengbo	Goertek Precision Industry Vietnam Company Limited	Executive Director	October 30, 2020	October 29, 2025	No
Zhu Shengbo	Goertek Technology (Hong Kong) Co., Limited	Executive Director	August 7, 2020		No
Zhu Shengbo	Weifang Goertek Electronics Co., Ltd.	Executive Director / Manager	May 9, 2022	May 8, 2025	No
Wei Wenbin	Weifang Goertek Communication Technology Co., Ltd.	General Manager	June 26, 2021	June 25, 2024	No
Huang Yidong	Seetrum Companion (Shanghai) Enterprise Management Center (Limited Partnership)	Managing Partner	November 12, 2020		No
Huang Yidong	Advanced Fiber Resources (Zhuhai), Ltd.	Independent Director	March 31, 2021	March 30, 2024	Yes
Huang Yidong	Beijing Seetrum Technology Co., Ltd. Co., Ltd.	Supervisor	May 20, 2021		No
Huang Yidong	Tianjin Hi-Chip Technology Group Corporation.	Director	April 29, 2022	April 28, 2025	No
Feng Pengbo	Weifang Lokomo Precision Industry Co., Ltd.	Executive Director / General Manager	April 27, 2015	April 21, 2022	No
Feng Pengbo	Shenzhen Mototek Smart Technology Co., Ltd.	Supervisor	November 22, 2019	November 21, 2025	No
Feng Pengbo	Qingdao Virtual Reality Institute Co., Ltd.	Chairman	July 9, 2020	April 24, 2022	No
Feng Pengbo	BUAA Goertek (Weifang) Intelligent Robot Co., Ltd.	Chairman	August 31, 2021		No
Description of incumbency in other units	None				

Penalties imposed by securities regulatory authorities on current and outgoing directors, supervisors and senior management of the company in the past three years

Applicable Not applicable

3. Remuneration of Directors, Supervisors and Senior Management

The decision-making procedure, basis and actual payment of the remuneration of directors, supervisors and senior management

The remuneration for the Company's directors shall be deliberated by the board of directors before being submitted to the general meeting of shareholders for determination; the remuneration for supervisors shall be deliberated by the board of supervisors before being submitted to the general meeting of shareholders for determination; the remuneration for senior management personnel shall be proposed by the remuneration and appraisal committee and determined by the board of directors upon deliberation.

Remuneration of directors, supervisors and senior management during reporting period

Unit: RMB 10,000

Name	Position	Gender	Age	Appointment status	The total amount of pre-tax remuneration received from the company	Whether to get paid by the related party of the company
Jiang Bin	Chairman	Male	57	Incumbent	181.50	No
Jiang Long	Vice Chairman and President (resigned from the above positions on April 6, 2023)	Male	49	Incumbent	175.50	No
Duan Huilu	Director, Vice President	Male	47	Incumbent	118.50	No
Li Youbo	Director and Vice President (Serving as President of the Company since April 7, 2023)	Male	46	Incumbent	118.50	No
Wang Kun	Independent Director	Female	47	Incumbent	18.00	No
Huang Yidong	Independent Director	Female	58	Incumbent	2.25	No
Jiang Fuxiu	Independent Director	Male	54	Incumbent	2.25	No
Feng Pengbo	Chairman of Board of Supervisors	Male	55	Incumbent	5.63	No
Xu Xiaofeng	Employee representative Supervisor	Female	46	Incumbent	47.63	No
Wei Wenbin	Employee representative Supervisor	Male	45	Incumbent	47.93	No
Gao Xiaoguang	Vice President	Male	47	Incumbent	118.50	No
Liu Chunfa	Vice President	Male	47	Incumbent	118.50	No
Jiang Hongzhai	Vice President	Male	53	Incumbent	118.50	No
Jia Jun'an	Vice President, Secretary of the Board	Male	52	Incumbent	116.25	No
Yu Dachao	Vice President	Male	45	Incumbent	118.50	No
Li Yongzhi	Chief Financial Officer	Male	45	Incumbent	114.00	No
Sun Hongbin	Chairman of Board of Supervisors	Male	57	Resigned	0.00	Yes
Zhu Shengbo	Vice President	Male	49	Resigned	105.00	No
Xia Shanhong	Director	Female	65	Resigned	15.75	No
Wang Tianmiao	Independent Director	Male	63	Resigned	15.75	No

Liu Chengmin	Director	Male	52	Resigned	15.75	No
Kazuyoshi Yoshinaga	Vice President	Male	56	Resigned	117.00	No
Total	--	--	--	--	1,691.18	--

VI. Performance of Directors' Duties during the Reporting Period

1. Board of Directors

Session	Convening date	Disclosure date	Meeting resolution
The 26th Meeting of the 5th Board of Directors	February 17, 2022	February 18, 2022	For details, refer to the Announcement on the Resolution of the 26th Meeting of the 5th Board of Directors published in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and CNINFO (http://www.cninfo.com.cn)
The 27th Meeting of the 5th Board of Directors	March 29, 2022	March 30, 2022	For details, refer to the Announcement on the Resolution of the 27th Meeting of the 5th Board of Directors published in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and CNINFO (http://www.cninfo.com.cn)
The 28th Meeting of the 5th Board of Directors	April 26, 2022	April 27, 2022	For details, refer to the Announcement on the Resolution of the 28th Meeting of the 5th Board of Directors published in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and CNINFO (http://www.cninfo.com.cn)
The 29th Meeting of the 5th Board of Directors	May 20, 2022	May 21, 2022	For details, refer to the Announcement on the Resolution of the 29th Meeting of the 5th Board of Directors published in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and CNINFO (http://www.cninfo.com.cn)
The 30th Meeting of the 5th Board of Directors	June 10, 2022	June 11, 2022	For details, refer to the Announcement on the Resolution of the 30th Meeting of the 5th Board of Directors published in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and CNINFO (http://www.cninfo.com.cn)
The 31st Meeting of the 5th Board of Directors	July 8, 2022	July 11, 2022	For details, refer to the Announcement on the Resolution of the 31st Meeting of the 5th Board of Directors published in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and CNINFO (http://www.cninfo.com.cn)
The 32nd Meeting of the 5th Board of Directors	August 29, 2022	August 30, 2022	For details, refer to the Announcement on the Resolution of the 32nd Meeting of the 5th Board of Directors published in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and CNINFO

			(http://www.cninfo.com.cn)
The 33rd Meeting of the 5th Board of Directors	September 13, 2022	September 14, 2022	For details, refer to the Announcement on the Resolution of the 33rd Meeting of the 5th Board of Directors published in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and CNINFO (http://www.cninfo.com.cn)
The 34th Meeting of the 5th Board of Directors	October 27, 2022	October 28, 2022	For details, refer to the Announcement on the Resolution of the 34th Meeting of the 5th Board of Directors published in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and CNINFO (http://www.cninfo.com.cn)
The 1st Meeting of the 6th Board of Directors	November 21, 2022	November 22, 2022	For details, refer to the Announcement on the Resolution of the 1st Meeting of the 6th Board of Directors published in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and CNINFO (http://www.cninfo.com.cn)
The 2nd Meeting of the 6th Board of Directors	December 2, 2022	December 3, 2022	For details, refer to the Announcement on the Resolution of the 2nd Meeting of the 6th Board of Directors published in Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and CNINFO (http://www.cninfo.com.cn)

2. Directors' attendance at Board of Directors and general meeting of shareholders

Directors' attendance at Board of Directors and general meeting of shareholders							
Name	Number of Attendance required during the reporting period (times)	Attendance in person (times)	Attendance by Tele-communication (times)	Entrusted presence (times)	Absence (times)	Whether there is absence in person for two consecutive times	Attendance of the general meeting of shareholders (times)
Jiang Bin	11	10	1	0	0	No	4
Jiang Long	11	10	1	0	0	No	4
Duan Huilu	11	10	1	0	0	No	4
Li Youbo	2	1	1	0	0	No	1
Wang Kun	11	0	11	0	0	No	3
Huang Yidong	2	0	2	0	0	No	1
Jiang Fuxiu	2	0	2	0	0	No	1
Xia Shanhong	9	0	9	0	0	No	3
Wang Tianmiao	9	0	9	0	0	No	2
Liu Chengmin	9	0	9	0	0	No	2

Statement on failure to attend the Board of Directors for two consecutive times

None

3. Objections raised by directors to relevant matters of the Company

Whether directors raise any objection to relevant matters of the Company

Yes No

No objection was raised to relevant matters of the Company during the reporting period.

4. Other details on the performance of duties by directors

Whether proposals made by directors were adopted by the Company

Yes No

Statement on the adoption or non-adoption of proposals made by the directors

During the reporting period, the directors of the Company carried out work in strict accordance with Company Law, Securities Law, Corporate Governance of Listed Companies, Rules Governing the Listing of Shares on Shenzhen Stock Exchange, Self-Regulatory Directives No.1 for Listed Companies on the Shenzhen Stock Exchange - Normative Operation of Listed Companies on the Main Board, Articles of Association and Rules of Procedure of the Board of Directors. They fulfilled their duty of due diligence by forming a consensus after full discussion on major governance and business matters of the Company, and resolutely supervising and driving the implementation of the board resolution, so as to ensure the decision-making process being scientific, timely and efficient, play a positive role in the sustained, healthy and stable development of the Company, and effectively safeguard the legitimate rights and interests of the Company and all shareholders.

VII. Performance of Special Committees under the Board of Directors during the Reporting Period

Committee name	Members	Number of meetings held	Convening date	Meeting content	Important opinions and suggestions proposed	Performance of other duties	Specific objections (if any)
Audit committee	Wang Kun, Jiang Bin, Xia Shanhong	6	January 26, 2022	We reviewed and approved proposals such as Inspection Report on Important Matters including Related Transactions and Guarantees in the 2nd half of 2021, Internal Audit Work Report for Q4 2021 and the entire year of 2021.	Approved	Not applicable	Not applicable
			March 28, 2022	We reviewed and approved proposals such as Proposal on Deliberation of Annual Report of 2021 and its Abstract, Proposal on Deliberation of Financial Accounts of 2021, Proposal on the Deliberation of Self-assessment Report on Internal Control of 2021.	Approved	Not applicable	Not applicable

Committee name	Members	Number of meetings held	Convening date	Meeting content	Important opinions and suggestions proposed	Performance of other duties	Specific objections (if any)
			April 25, 2022	We reviewed and approved proposals such as Proposal on the deliberation of Goertek Inc. Quarterly Report in Q1 2022, Special Auditor's Report on the Deposit and Use of Funds Raised in Q1 2022.	Approved	Not applicable	Not applicable
			May 19, 2022	We reviewed and approved Proposal on the Company's Foreign Investment Involving Related Transactions	Approved	Not applicable	Not applicable
			August 26, 2022	We reviewed and approved proposals such as Proposal on Deliberation of Goertek Inc. Interim Report of 2022 and Abstract of Interim Report of 2022, Special Audit Report on the Deposit and Use of Raised Funds in the Semiannual Period of 2022.	Approved	Not applicable	Not applicable
			October 26, 2022	We reviewed and approved proposals such as Proposal on Deliberation of Goertek Inc. Quarterly Report in Q3 2022.	Approved	Not applicable	Not applicable
Remuneration and assessment committee	Jiang Bin, Xia Shanhong, Wang Tianmiao	7	March 18, 2022	We reviewed and approved Proposal on the Grant of Reserved Restricted Stock in the 2021 Stock Option and Incentive Plan	Approved	Not applicable	Not applicable
			June 7, 2022	We reviewed and approved proposals such as Proposal on the Adjustment of the List of Initial Incentive Participants of the Incentive and	Approved	Not applicable	Not applicable

Committee name	Members	Number of meetings held	Convening date	Meeting content	Important opinions and suggestions proposed	Performance of other duties	Specific objections (if any)
				the Number of Granted Reserved Restricted Stocks and the Cancellation of Some Restricted Stocks in the 2021 Stock Option and Incentive Plan.			
			June 7, 2022	We reviewed and approved Proposal on Deliberation of Goertek Inc.'s Home No. 6 ESOP (Draft) and Its Abstract, etc.	Approved	Not applicable	Not applicable
			September 9, 2022	We reviewed and approved proposals such as Proposal on the Adjustment of the List of Initial Incentive Participants and the Number of Granted Reserved Restricted Stocks in the 2022 Stock Option Incentive Plan.	Approved	Not applicable	Not applicable
			October 25, 2022	We reviewed and approved proposals such as Proposal on the Remuneration of Members of the 6th Board of Directors.	Approved	Not applicable	Not applicable
			November 14, 2022	We reviewed and approved Proposal on the Remuneration of Senior Management Personnel	Approved	Not applicable	Not applicable
	Jiang Fuxiu, Jiang Bin, Huang Yidong		November 30, 2022	We reviewed and approved Proposal on Adjustment of Goertek Inc.'s "Home No. 6" Employee Stock Ownership Plan (Draft) and its Abstract, etc.	Approved	Not applicable	Not applicable

VIII. Performance of the Board of Supervisors

Whether the Board of Supervisors found out any risk of the Company in its supervision activities during the reporting period.

Yes No

The Board of Supervisors has no objection to the matters supervised during the reporting period.

IX. Personnel of the Company

1. Number of staff, specialty composition and educational level

Number of staff of the parent company at the end of the Reporting Period	32,783
Number of Staff of major subsidiaries at the end of the Reporting Period	52,575
Total number of staff at the end of the Reporting Period	85,358
Total number of staff who receive remuneration during the Reporting Period	85,358
Number of retired staff the Company and its major subsidiaries are required to compensate	0
Specialty composition	
Category	Number
Production staff	60,313
Sales staff	684
Technical staff	19,496
Financial staff	281
Administrative staff	4,584
Total	85,358
Education background	
Category	Number
PhD	76
Master	3,641
Bachelor	15,460
College degree	17,079
Below college degree	49,102
Total	85,358

2. Remuneration policy

The Company always takes human resources as the most important strategy and the top priority by continuously innovating the incentive plans to stimulate employees' vitality and tap their potential. In 2022, the Company implemented an effective employee incentive and retention strategy among key groups and for its core business, so as to share the growth of corporate benefits with its employees by optimizing the allocation mechanism.

Despite external risks and challenges in 2022, the Company insisted on deliberating and adjusting remuneration, making employees' incomes increasing steadily. For core positions and key groups supporting the strategic new business development of the Company, a special incentive and retention policy has been implemented to effectively achieve the precision talent attraction and retention. To further reserve talents for sustainable and sound development of the Company, we continuously raise the remuneration level of fresh graduates, adopted the strategy of "reward + house purchase subsidy" to retain high-end talents, and offered the "moat" special retention incentive to core engineers.

In terms of incentives, the Company continued implementing stock and option incentive plans for backbone employees, and released a new "Home No. 6" employee stock ownership plan in 2022 to drive employees to grow together with the Company. In recent years, through continuous innovation of equity incentives, the number of shareholders has increased year by year, and long-term incentives have become an important way for the Company to attract, retain and motivate employees to grow stronger together.

In terms of welfare, the Company continued improving employee welfare, with a commitment to build a welfare system with Goertek characteristics, and improve home ownership, children's education, health care, holiday benefits, etc. in 2022. In addition, we kept

taking care of employee demands, seeking well-being for employees, improving employees' level of satisfaction with welfare, and enhancing employees' sense of belonging.

3. Training programmes

In 2022, the Human Resources Management Department worked in line with the company's development strategy and business demands. Under the guidance of the development plan of the global training center, the Company's talent training system was further consolidated and improved. The capability building programs for key groups such as management personnel, professionals and new employees focused more on business needs, and training resources became more systematic and standardized. At the same time, by developing the administrative management mechanism and setting up relevant functions, we continued to create the learning atmosphere within the Company, in an effort to build a learning organization, enhance the ability of employees, and help the Company achieve its business goals.

In 2023, the Company, under the unified planning of the learning and development center, will carry out personnel training work by closely surrounding the talent strategy. Horizontally, the Company will expand the groups of trainees. Vertically, improve various types of training programs and strengthen the overall talent training system, and step up the training for key talents to meet the Company's strategic needs for strategic talents. At the same time, the Company will focus on improving the digitalization of training to enrich employees' learning experience, enhance employees' capabilities, and improve the overall capabilities and performance of the Company.

4. Labor outsourcing

Applicable Not applicable

X. Profit Distribution and Conversion of Capital Surplus into Share Capital

Formulation, execution or adjustment of profit distribution policy, especially the cash dividend during the Reporting Period

Applicable Not applicable

The Company has strictly implemented the Shareholder Return Plan for the Next Three Years (2022-2024), and clarifies the standard, ratio, and the decision making procedures of the distribution policy, which ensures the continuity and stability of the profit distribution policy, in order to fully protect the legitimate rights and interests of minority investors. The Company did not make changes to the profit distribution policy during the reporting period.

Special description of the cash dividend policy	
Whether in compliance with provisions in the Articles of Association or requirements of the resolution of the extraordinary general meeting of shareholders:	Yes
Whether the dividend standard and the proportion are definite and clear:	Yes
Whether the related decision-making procedures and mechanisms are complete:	Yes
Whether independent directors perform their duties responsibly and play their due roles:	Yes
Whether minority shareholders have the opportunity to fully express their opinions and demands and their legitimate rights and interests are fully protected:	Yes
Whether the conditions and procedures are transparent and comply with regulations while the cash dividend policy is adjusted or changed:	The cash dividend policy has not been adjusted.

The profits of Goertek in the Reporting Period and the parent company's profits distributable to shareholders are positive, but the Company did not put forward a proposed plan for cash dividend distribution.

Applicable Not applicable

Profit distribution and conversion of capital surplus into share capital during the reporting period.

Applicable Not applicable

Number of bonus shares per 10 shares	0
Dividend per 10 shares (RMB) (tax inclusive)	1.00
Conversion of capital surplus into share capital per 10 shares (shares)	0
Share capital base of the distribution proposal (shares)	3,405,162,949
Cash dividend amount (RMB) (tax inclusive)	340,516,294.90
Cash dividend amount distributed by other means (such as shares repurchase) (RMB)	0.00
Total cash dividends (including other means) (RMB)	0.00
Distributable profit (RMB)	16,507,798,239.34
Proportion of total cash dividends (including other means) in total profit distribution	100%
Cash dividends	
If the Company is in developing stage, and there are major capital expenditure arrangements, the minimum proportion of cash dividends in profit distribution should reach 20%.	
Detailed description of the proposal for profit distribution or capitalization from capital surplus funds	
According to the standard unqualified opinion auditor's report issued by ZHONGXI CPAs (Special General Partnership) for Goertek, the parent company reports a net profit of RMB -358,777,530.78 in 2022, net distributable profit of RMB 9,410,101,500.47 at the end of 2022, and the balance of capital surplus of RMB 8,421,030,014.05. The net distributable profit in the consolidated balance sheet is RMB 16,507,798,239.34. The profit distribution in 2022 is as follows: based on the total share capital registered on the record date of equity distribution minus the repurchased shares in the Company's specific securities repurchase account, the Company will distribute cash dividend of RMB 1.00 (tax inclusive) for per 10 shares to all the shareholders, as well as 0 bonus shares (tax inclusive), and there is no conversion of capital surplus into share capital.	

XI. Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentives

Applicable Not applicable

1. Equity incentive

(1) Stock Option Incentive Plan in 2021 (hereinafter referred to as "the Incentive Plan 2021"):

On April 16, 2021, Goertek convened the 19th meeting of the 5th Board of Directors, which approved Proposal of 2021 Stock Option Incentive Plan of Goertek Inc. (Draft) and the Summary, Proposal of Rules on the Implementation and Assessment of 2021 Stock Option Incentive Plan, and Proposal of Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Relevant to 2021 Stock Option Incentive Plan. The 14th meeting of the 5th Board of Supervisors approved relevant proposals, reviewed the list of participants awarded for the first time, and expressed the review opinions. Independent directors of the Company expressed their agreed opinions on the Incentive Plan 2021 independently.

On April 17, 2021, Goertek disclosed the List of Participants Awarded for the First Time of the Incentive Plan on the website <http://www.cninfo.com.cn>. The Company publicized the names and positions of these participants from April 20 to April 29, 2021. During the publicity period, the Supervisors did not receive any objections, and no feedback was recorded. On April 30, 2021, the Company disclosed the Result of Review by the Board of Supervisors on the List of Participants Awarded for the First Time of 2021 Stock Option Incentive Plan. On May 8, 2021, the Company disclosed Self-examination Report on the Trading of Shares by Insiders of the 2021 Stock Option Incentive Plan.

On May 7, 2021, the proposals mentioned above were approved on the annual general meeting of 2020. The Board of Directors were authorized to handle relevant matters regarding the Incentive Plan 2021.

On June 2, 2021, Goertek convened the 21st meeting of the 5th Board of Directors and the 16th meeting of the 5th Board of Supervisors. Proposal of the Adjustment of Participants Awarded for the First Time of the 2021 Stock Option Incentive Plan, Number of Stock Options and Exercise Price, and the Proposal of Resolution of Grant Stock Options to the Participants were approved. The Board of Supervisors expressed the results of review on the list of incentive participants. Independent Directors expressed their agreed opinions on relevant matters independently. Beijing Tian Yuan Law Firm issued the Legal Opinions of Beijing Tian Yuan Law Firm on Relevant Matters Regarding the Adjustment and First Grant of the 2021 Goertek Inc. Stock Option Incentive Plan.

On June 24, 2021, Goertek completed the registration of the Incentive Plan 2021.

On March 29, 2022, Goertek convened the 27th meeting of the 5th Board of Directors and the 21st meeting of the 5th Board of Supervisors, at which the Proposal on the Grant of Reserved Restricted Stock in the 2021 Stock Option Incentive Plan was approved. The independent directors of the Company expressed their independent opinions on this, and the Board of Supervisors verified and issued verification opinions on matters related to the list of initial incentive participants and grant arrangements reserved for stock options. Beijing Tian Yuan Law Firm issued legal opinions correspondingly.

On April 20, 2022, Goertek completed the granting and registration of reserved stock options in the Incentive Plan 2021.

On June 10, 2022, the Company convened the 30th meeting of the 5th Board of Directors and the 24th meeting of the 5th Board of Supervisors, and approved the Proposal on Adjusting the Exercise Price of the Company's 2021 Stock Option Incentive Plan, Proposal on the Adjustment of the List of Initial Incentive Participants of the Incentive and the Number of Granted Reserved Restricted Stocks and the Cancellation of Some Restricted Stocks in the 2021 Stock Option Incentive Plan and Proposal on the Achievement of the Exercise Conditions of Initial Granted Stock Options for the First Exercise Period in the 2021 Stock Option Incentive Plan. The Board of Directors determined that the exercise conditions for the initial granted stock options for the first exercise period of Incentive Plan 2021 had been fulfilled, and the incentive participants may exercise their options in accordance with the relevant provisions of the Incentive Plan 2021 from June 24, 2022 to June 23, 2023. The Board of Supervisors expressed the review opinions on the list of incentive participants and matters on the achievement of exercise conditions. Independent Directors expressed their agreed opinions on relevant matters independently. Beijing Tian Yuan Law Firm issued legal opinions correspondingly.

On April 7, 2023, the Company convened the 3rd meeting of the 6th Board of Directors and the 3rd meeting of the 6th Board of Supervisors, and approved the Proposal on the Adjustment of the List of Initial Incentive Participants of the Incentive and the Number of Granted Reserved Restricted Stocks and the Cancellation of Some Restricted Stocks in the 2021 Stock Option Incentive Plan and the Proposal on the Achievement of the Exercise Conditions of Initial Granted Stock Options for the First Exercise Period in the 2021 Stock Option Incentive Plan. The Board of Directors determined that the exercise conditions for the first exercise period of the reserved grant portion of the 2021 stock option incentive plan had been fulfilled, and the incentive participants may exercise their options in accordance with the relevant provisions of this incentive plan from April 20, 2023 to April 19, 2024 (the actual exercise start time is determined according to the processing completion time of China Securities Depository and Clearing Co., Ltd., but not earlier than April 20, 2023). The Board of Supervisors expressed the review opinions on the adjustment of the list of incentive participants and achievement of exercise conditions. Independent Directors expressed their agreed opinions on relevant matters independently. Beijing Tian Yuan Law Firm issued legal opinions correspondingly.

(2) Stock Option Incentive Plan in 2022 (hereinafter referred to as “the Incentive Plan 2022”)

On July 8, 2022, Goertek convened the 31st meeting of the 5th Board of Directors, which approved Proposal of 2022 Stock Option Incentive Plan of Goertek Inc. (Draft) and the Summary, Proposal of Rules on the Implementation and Assessment of 2022 Stock Option Incentive Plan, and Proposal of Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Relevant to 2022 Stock Option Incentive Plan. At the 25th meeting of the 5th Board of Supervisors, the Company, in addition to approving relevant proposals, expressed the review opinions on the list of initial incentive participants. Independent directors of the Company expressed their agreed opinions on the Incentive Plan 2022 independently. Beijing Tian Yuan Law Firm issued legal opinions correspondingly.

On July 11, 2022, Goertek disclosed the List of Initial Incentive Participants in the Goertek Inc. Incentive Plan 2022 on the website <http://www.cninfo.com.cn>. The Company started to publicize the names and positions of these participants on July 11, 2022. The Board of Supervisors reviewed the participants and published the Review Opinions and Disclosure Statement by the Board of Supervisors on the List of Initial Incentive Participants in the 2022 Stock Option Incentive Plan.

On July 26, 2022, the proposals mentioned above were approved on the 1st extraordinary general meeting of 2022. The Incentive Plan 2022 was approved. The Board of Directors were authorized to handle relevant matters regarding the Incentive Plan 2022. On July 27, 2022, the Company disclosed the Self-examination Report on the Trading of Shares by Insiders of the 2022 Goertek Inc. Stock Option Incentive Plan.

On September 13, 2022, Goertek convened the 33rd meeting of the 5th Board of Directors and the 27th meeting of the 5th Board of Supervisors. The Proposal of the Adjustment of Initial Incentive Participants and Number of Stock Options in the 2022 Stock Option Incentive Plan and the Proposal on Granting Stock Options to the Participants were approved. The Board of Supervisors verified and expressed the review opinions on matters related to the incentive plan. Independent Directors expressed their agreed opinions on relevant matters independently. Beijing Tian Yuan Law Firm issued legal opinions correspondingly.

On September 21, 2022, Goertek completed the registration of the 2022 Incentive Plan.

Stock options granted to Directors and senior management

Applicable Not applicable

The Appraisal and incentive mechanism for senior management

The remuneration standard for senior management shall be formulated by the remuneration and assessment committee, and implemented after approval by the Board of Directors.

2. Implementation of employee stock ownership plan

Applicable Not applicable

All valid employee stock ownership plans during the reporting period

Participants	Number	Total shares held	Changes	Shareholding percentage	Source of funds
Goertek Home No. 3 ESOP: part of Directors, Supervisors, senior management, key management personnel, and key business personnel	1,600	0	None	0.00%	self-raised
Goertek Home No. 4 ESOP: Directors (excluding Independent Directors), Supervisors, senior management, key management personnel and key business personnel	4,000	2,190,100	None	0.06%	n.a.
Goertek Home No. 5 ESOP: Directors (excluding Independent Directors), Supervisors, senior management, key management personnel and key business personnel	25	5,500,000	None	0.16%	self-raised
Goertek Home No. 6 ESOP: Directors (excluding independent directors), supervisors, senior management personnel and key business personnel	1,000	0	None	0.00%	self-raised

Total shares held of Directors, Supervisors and senior management in ESOPs during the reporting period

Name	Position	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Shareholding percentage
Duan Huilu, Feng Jianliang, Xu Xiaofeng, Wei Wenbin, Gao Xiaoguang, Liu Chunfa, Jiang Hongzhai, Jia Jun'an, Feng Pengbo, Yu Dachao, Yoshinaga Kazuyoshi, Li Yongzhi,	Directors, Supervisors, senior management	3,289,000	3,039,000	0.09%

Li Youbo, Zhu Shengbo				
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Changes of Asset Management Agency during the reporting period

Applicable Not applicable

Changes in shareholders' equity caused by shares disposal of the participants and other reasons during the reporting period

Applicable Not applicable

During the reporting period, the Company, after expiration of the lock-up period of Goertek's Home No. 4 ESOP and Home No. 5 ESOP, reduced part of its shares in accordance with relevant regulations. By the end of the reporting period, Goertek's Home No. 3 ESOP has expired and the liquidation has been completed. Goertek's Home No. 4 ESOP held 2.1901 million shares, accounting for 0.06% of total shares, while the Home No. 5 ESOP held 5.5 million shares, accounting for 0.16% of total share capital.

Exercise of shareholders' rights during the reporting period

During the reporting period, the ESOPs exercised the shareholders' rights to participate in cash dividend of 2021, but did not participate in voting of the general meeting of shareholders or exercise other shareholders' rights.

Other relevant situations and descriptions related to ESOPs during the reporting period

Applicable Not applicable

Changes in members of the Management Committee of the ESOPs

Applicable Not applicable

Financial impacts of the ESOPs during the reporting period and relevant accounting treatment

Applicable Not applicable

In accordance with the Accounting Standard for Business Enterprises No.11 - Share-based Payments: if an equity-settled share-based payment in exchange for services received from employees could not exercise until the completion of services for a vesting period, or until the achievement of a specified performance condition, Goertek at each balance sheet date during the vesting period recognizes the services received for the current period as related costs or expenses, and capital surplus, at amount equal to the fair value of the equity instruments at the grant date, based on the best estimate of the number of equity instruments expected to exercise. In 2022, the amortized expenses of Goertek's Home No. 4 ESOP, Home No. 5 ESOP and Home No. 6 ESOP were RMB 138.6938 million, RMB 120.1858 million and RMB 8.4695 million respectively, which were recognized as related expenses and capital surplus.

Termination of ESOP during the reporting period

Applicable Not applicable

On January 15, 2022, the Company published the Announcement on Self-termination of the Expiration of the Home No. 3 ESOP, and the Home No. 3 ESOP expired on January 15, 2022 and was automatically terminated.

Other explanations:

None

3. Other employee incentive measures

Applicable Not applicable

XII. Construction and implementation of the Company's Internal Control System During the Reporting Period

1. Construction and implementation of internal control

During the reporting period, in order to ensure the development of business activities and the realization of Goertek's strategic goals, Goertek attached great importance to the construction of internal control system. We gradually established a basic compliance, sound and effective internal control system covering all aspects of operation and management in accordance with the industry and asset structure characteristics.

(1) Internal supervision

The Company has established the Internal Audit System, and has set up an independent internal audit department, which is responsible for internal audit work, the audit and efficiency supervision of financial revenue, expenditure, the implementation of financial system, the Company's rules and regulations. The internal audit department also responsible for making proposals on the improvement of the Company's internal control system.

Under the direct leadership of the Audit Committee, the audit department independently carries out internal audit and supervision, supervising the operation and management, financial condition and internal control implementation of the Company and its subsidiaries. Besides, the audit department issues independent auditor's opinions, and regularly reports summaries and working plans to the Audit Committee.

(2) Risk assessment

In combination with characteristics of the industry and actual operating status, the Company timely assesses internal and external risks such as environmental risk, business risk and financial risk, weighs the risk and return according to the results of risk analysis and risk tolerance, determines strategies, and practically makes the risk controllable.

(3) Control activities

The Company constantly implements the workings of internal control in all kinds of business processes, conducts various internal controls, avoids the mere formality of internal policies and regulations, and improves the effectiveness and soundness of internal control.

(4) Information disclosure

The Company formulated the Information Disclosure Policy, the Accountability System Regarding Major Errors in the Annual Report Information Disclosure and the Policy on Management of the Personnel with Inside Information. According to the requirements of relevant laws and regulations, the Policy on Management of the Personnel with Inside Information has been revised in time, which has detailed the scope of inside information and related personnel, and the administrative measures on registration of personnel with inside information in material matters. The Company's information disclosure in 2022 complied with the relevant laws and regulations of the regulatory authorities and the provisions of the above-mentioned control system.

2. Details of material defects of internal control detected during the Reporting Period

Yes No

XIII. Management and controls of subsidiaries during the Reporting Period

Not applicable

XIV. Self-assessment Report on Internal Control or Auditor's Report on Internal Control

1. Self-assessment on internal control

Disclosure date of the Internal Control Self-assessment Report	April 18, 2023	
Disclosure index of the Internal Control Self-assessment Report	The Goertek Inc. Self-assessment Report on Internal Control of 2022 Disclosed on www.cninfo.com.cn on April 18, 2023	
Proportion of the total assets of entities included in the assessment scope to the total assets of the Company's consolidated financial statements	100.00%	
Proportion of the total revenue of entities included in the assessment scope to the total revenue of the Company's consolidated financial statements	100.00%	
Defect Identification Standard		
Category	Financial report	Non-financial report
Qualitative criteria	The qualitative standard of the assessment of internal control defects in financial reporting are as follows: Signs of material defects in financial reporting include:	The qualitative standard of the assessment of internal control defects in non-financial reporting determined by Goertek are as follows: The identification of defects in non-financial

	<p>(1) Fraud of directors, supervisors and senior management on the financial report;</p> <p>(2) Corrections of previously disclosed financial reports;</p> <p>(3) Material misstatement of current period financial statements identified by certified public accountant but not identified by the Company's internal control;</p> <p>(4) Ineffective supervision on the financial statements by the audit committee and the internal audit department.</p> <p>Signs of important defects in financial reporting include:</p> <p>(1) Failure to select and apply accounting policies in accordance with Generally Accepted Accounting Principles;</p> <p>(2) No anti-fraud procedures and control measures have been established;</p> <p>(3) No corresponding control mechanism has been established or implemented for the accounting treatment of unconventional or special transactions, and there is no corresponding compensatory control;</p> <p>(4) One or more defects is or are existing in the control of the financial reporting process, that the prepared financial statements cannot be reasonably guaranteed to be true and complete.</p> <p>General defects: other internal control defects.</p>	<p>report is mainly determined by the impact of defects on the effectiveness of business processes and the possibility of occurrence. If the possibility of defect occurrence is low, and the defect will reduce the efficiency and effectiveness of work, or increase the uncertainty of the effectiveness, or make it deviate from the expected goal, it is a general defect. If the possibility of defect occurrence is relatively high, and the defect will significantly reduce the efficiency or effectiveness of work, or significantly increase the uncertainty of the effectiveness, or make it significantly deviate from the expected goal, it is an important defect. If the possibility of defect occurrence is high, and the defect will seriously reduce the efficiency or effectiveness of work, or seriously increase the uncertainty of the effectiveness, or make it seriously deviate from the expected goal, it is a material defect</p>														
Quantitative criteria	<p>The quantitative standard of the assessment of internal control defects in financial reporting are as follows:</p> <p>(1) If one of the following conditions is met, it may be recognized as a material defect:</p> <table border="1" data-bbox="520 1332 1034 1720"> <thead> <tr> <th>Item</th> <th>Impact of defects</th> </tr> </thead> <tbody> <tr> <td>Potential misstatement of total profit</td> <td>$\geq 5\%$, with an amount \geq RMB 10 million</td> </tr> <tr> <td>Potential misstatement of total assets</td> <td>$\geq 1\%$</td> </tr> <tr> <td>Potential misstatement of revenue</td> <td>$\geq 1\%$</td> </tr> </tbody> </table> <p>(2) If one of the following conditions is met, it may be recognized as an important defect:</p> <table border="1" data-bbox="520 1796 1034 2020"> <thead> <tr> <th>Item</th> <th>Impact of defects</th> </tr> </thead> <tbody> <tr> <td>Potential misstatement of total profit</td> <td>$3\% \leq \text{misstatement} < 5\%$</td> </tr> <tr> <td>Potential misstatement of</td> <td>$0.5\% \leq \text{misstatement} < 1\%$</td> </tr> </tbody> </table>	Item	Impact of defects	Potential misstatement of total profit	$\geq 5\%$, with an amount \geq RMB 10 million	Potential misstatement of total assets	$\geq 1\%$	Potential misstatement of revenue	$\geq 1\%$	Item	Impact of defects	Potential misstatement of total profit	$3\% \leq \text{misstatement} < 5\%$	Potential misstatement of	$0.5\% \leq \text{misstatement} < 1\%$	<p>The quantitative standard of the assessment of internal control defects in non-financial reporting is in accordance with the quantitative standard of defects in financial reporting.</p>
Item	Impact of defects															
Potential misstatement of total profit	$\geq 5\%$, with an amount \geq RMB 10 million															
Potential misstatement of total assets	$\geq 1\%$															
Potential misstatement of revenue	$\geq 1\%$															
Item	Impact of defects															
Potential misstatement of total profit	$3\% \leq \text{misstatement} < 5\%$															
Potential misstatement of	$0.5\% \leq \text{misstatement} < 1\%$															

	total assets		
	Potential misstatement of revenue	$0.5\% \leq \text{misstatement} < 1\%$	
	(3) If one of the following conditions is met, it may be recognized as a minor defect:		
	Item	Impact of defects	
	Potential misstatement of total profit	$< 3\%$ of total profit	
Potential misstatement of total assets	$< 0.5\%$ of total assets		
Potential misstatement of revenue	$< 0.5\%$ of total revenues		
Number of material defects in financial reporting			0
Number of material defects in non-financial reporting			0
Number of important defects in financial reporting			0
Number of important defects in non-financial reporting			0

2. Auditor's Report on internal control

Applicable Not applicable

The opinion paragraph in the auditor's report on internal control	
We believe that Goertek Inc. maintained effective internal control over accounting reports in all material aspects in accordance with the Basic Standards for Internal Corporate Control and relevant provisions on December 31, 2022.	
Disclosure of the Auditor's Report on Internal Control	Disclosed
Disclosure date of the Auditor's Report on Internal Control	April 18, 2023
Disclosure index of the Auditor's Report on Internal Control	The Audit Report on Internal Control of Goertek Inc. (Zhong Xi Special Audit No. 2023T00212) published on www.cninfo.com.cn on April 18, 2023
Type of internal control auditor's report opinions	standard unqualified opinion
Material defects found in non-financial reporting	No

Whether the accounting firm issued a modified auditor's report on internal controls

Yes No

Whether the Auditor's Report on internal control is consistent with the Self-assessment Report of the board of directors

Yes No

XV. Rectification of Problems Identified by Self-examination in the Special Actions on Governance of Listed Companies

Not applicable

Not applicable

Section V Environmental and social responsibilities

I. Major Environmental Issues

Whether the listed company or its subsidiaries are entities with pollutant discharges announced by local environmental protection authorities

Yes No

Policies and industry standards related to environmental protection

All Goertek Inc.'s projects are encouraged according to the Decision of the National Development and Reform Commission on Amending the Catalogue of Industrial Structure Adjustment (2019 version) and are in line with national industrial development policies; and the projects meet the requirements of the Opinions of the People's Government of Shandong Province on the Implementation of the "Three Lines and One List" Ecological Zoning Management Approach. The pollutants are discharged in strict accordance with the requirements of the environmental impact assessment standard and the pollution discharge standard.

All projects of Yili Precision Manufacturing Co., Ltd. are carried out in line with national industrial development policies according to the Decision of the National Development and Reform Commission on Amending the Catalogue of Industrial Structure Adjustment (2019 version); and the projects meet the requirements of the Opinions of the People's Government of Shandong Province on the Implementation of the "Three Lines and One List" Ecological Zoning Management Approach. The pollutants are discharged in strict accordance with the requirements of the environmental impact assessment standard and the pollution discharge standard.

Administrative licenses for environmental protection

Goertek Inc. obtained the registration receipt of the pollution discharge permit in accordance with the Measures for the Management of Pollution Discharge Permits (Trial) (Revised in 2019). The registration number is 91370700729253432M004Y, and the certificate is valid from November 12, 2020 to November 11, 2025.

Yili Precision Manufacturing Co., Ltd. has applied for a pollution discharge permit as required. The certificate number is 913707840744048096001V, and the certificate is valid from July 7, 2022 to July 6, 2027.

Industry emission standards and the details of pollutant emissions involved in production and operation activities

Name of the Company or subsidiaries	Types of major pollutants and particular pollutants	Name of major pollutants and particular pollutants	Type of discharge	Number of discharging ports	Locations of discharging ports	Concentration/intensity of pollutant discharged	Enforced standards of pollutant discharge	Total discharge volume	Total approved discharge volume	Discharge exceeding the standard
Goertek Inc.	Solid waste	Hazardous waste	Indirect discharge	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	None
Yili Precision Manufacturing Co., Ltd.	Wastewater	COD; ammonia nitrogen	Intermittent discharge	1	In the plant	COD: 50mg/L; ammonia nitrogen: 5mg/L	COD: 500mg/L; ammonia nitrogen: 45mg/L	COD: 20.07t/a; ammonia nitrogen: 1.963t/a	COD: 26.862t/a; ammonia nitrogen: 2.6029t/a	None

Treatment of pollutants

In accordance with The Environmental Impact Assessment and Approval, the Company establishes supporting measures for solid waste storage, disposal and comprehensive utilization, along with leakage prevention and seepage prevention measures, and ensures the normal operation of all the above measures.

In accordance with The Environmental Impact Assessment and Approval, Yili Precision Manufacturing Co., Ltd. constructs supporting treatment facilities for water and gas waste, takes measures of noise reduction, storage, disposal and comprehensive utilization of solid waste, and leakage and seepage prevention, and ensures the normal operation of all above measures.

Environmental self-monitoring programme

The Company entrusts third-party monitoring organizations to monitor the environmental factors of the plant area and issue an inspection report every year.

Yili Precision Manufacturing Co., Ltd. has installed online equipment for monitoring COD, ammonia nitrogen, flow rate and PH value at the main wastewater discharge outlet, which is networked with the local department of environmental protection authorities. A third party shall be entrusted to conduct environmental self-monitoring of waste water, waste gas, groundwater and soil pollutants in strict accordance with the requirements of discharge permit, and related information shall be disclosed as required.

Emergency response plan for unexpected environmental events

Goertek, combined with The National Environmental Emergency Response Plan and The Guidelines to Develop Emergency Response Plan for Environmental Pollution Accidents, has formulated The Environmental Emergency Response Plan based on various risk factors, and has reported the plan to the High-tech Branch of Weifang Municipal Ecology and Environment Bureau for recording (No. 370708-2022-036-L). Goertek also organizes relevant training and drills on a regular basis, in order to improve the emergency response ability of employees and achieve continuous improvement.

In view of various risk factors, Yili Precision Manufacturing Co., Ltd. refers to The National Environmental Emergency Plan and The Guidelines to Develop Emergency Response Plan for Environmental Pollution Accidents, formulates the Yili Environmental Emergency Plan, and puts it on record in Anqiu Branch of Weifang Municipal Ecology and Environment Bureau (record No. 370784-2020-004-H). Relevant training and drills are organized on a regular basis to further improve employees' ability to deal with emergency events and achieve continuous improvement.

Investment in environmental governance and protection and the payment of environmental protection tax

The Company and its subsidiaries pay environmental protection tax as required, with a total of RMB 77,095.67 in 2022.

Measures taken to reduce carbon emissions during the reporting period and their effects

Applicable Not applicable

The Company adheres to the energy management policy of "compliant use of energy, improved efficiency, reduce emission, full participation of all staffs and green development", and incorporates this policy into its product manufacturing chain. By taking the establishment of energy management system as a scientific management basis, the Company optimized its organizational structure of management, improved systems and processes, and emphasized the focus of management, so as to tap the potential for energy saving, actively improve the overall level of energy efficiency, and integrate emission reduction and green development targets into its internal operation. It was awarded the honor of "National Green Factory" in 2022.

The Company strived to promote clean energy applications, increased the proportion of green energy in all energy sources. It has accumulatively reduced emission of 38,601.01 tCO₂e by introducing the distributed photovoltaic power generation projects. It actively carried out energy-saving publicity activities and dug deep into energy-saving technological transformation projects. Through the construction of high-efficiency refrigeration rooms and the promotion of energy-saving technologies such as vacuum pumps, frequency conversion, and automatic control, the Company managed to improve energy utilization efficiency and reduce emissions by 26,164 tCO₂e.

Administrative penalties received for environmental issues during the reporting period

None

Other environmental information that should be disclosed

None

Other information related to environmental protection

None

II. Performance of Social Responsibility

During the reporting period, while the Company was committed to achieving its own development, it has also performed well in the protection of the rights and interests of shareholders, creditors, employees, suppliers, customers and consumers, as well as in environmental protection and sustainable development, public relations and social public welfare undertakings. For details, see the Corporate Social Responsibility Report of 2022 released on "www.cninfo.com.cn". on April 18, 2023.

III. Consolidate and Carry Forward the Achievements of Poverty Alleviation and Rural Revitalization

The Company has not carried out such work during the reporting period.

Section VI Important Matters

I. Fulfilment of Commitments

1. The commitments of the Company's actual controllers, shareholders, related parties, purchasers and companies that have been completely fulfilled during the reporting period or remain valid by the end of the reporting period.

Applicable Not applicable

Commitment matters	Commitment party	Commitment type	Commitment content	Commitment time	Commitment period	Performance of commitments
Commitments made during the joint-stock reform	Not applicable					
Commitments made in the report of acquisition or in the report of equity changes	Not applicable					
Commitments made during asset restructuring	Not applicable					
Commitments made during initial public offering or refinancing	Mr. Jiang Bin, the actual controller, and Mr. Jiang long, shareholder and the related party of the actual controller	Commitment to restricted stock	Mr. Jiang Bin and Mr. Jiang Long promise that the Company shares transferred each year during their tenure will not exceed 25% of the total company shares held by them, and the shares will not be transferred within six months after their resignation in future	October 8, 2007	Long-term standing	Strictly fulfilled
Commitments made during initial public offering or refinancing	Mr. Jiang Bin and Ms. Hu Shuangmei, the actual controllers of the Company, Goertek Group Co., Ltd and Mr. Jiang Long, the shareholders who hold more than 5% of the Company shares	Horizontal competition related commitment	At present, there is no competition between the main businesses of Goertek Inc. and the commitment parties (company and persons) in this clause or other entities controlled by the commitment parties (company and persons). In future, in order to fundamentally avoid the possibility of competing with Goertek Inc., the commitment parties (company and persons) promise as follows: 1) The commitment parties (company and persons) will not engage in the same or similar business as Goertek Inc. in order to avoid direct or indirect	October 8, 2007	Long-term standing	Strictly fulfilled

			<p>competition to the production and operation of Goertek Inc. Efforts will be made to urge other entities controlled by the commitment parties (company and persons) not to directly or indirectly participate in or carry out any business activity that compete with the production and operation of Goertek Inc. 2) If the commitment parties (company and persons) and the other entities controlled by the commitment parties (company and persons) except Goertek Inc., have competitive businesses of the same kind with Goertek Inc., which may bring unfair impacts on Goertek Inc. in terms of market share, business opportunities and resource allocation, etc. The commitment parties (company and persons) and other entities controlled by the commitment parties (company and persons) except Goertek Inc. will voluntarily give up business competition with Goertek Inc. 3) The commitment parties (company and persons) undertake to give Goertek Inc. the pre-emption right on the purchase of any assets and business to be sold, and will do its best to ensure that the price of the transaction is determined on the basis of fair, reasonable and normal commercial transactions with independent third parties. 4) The commitment parties (company and persons) will not be restricted from engaging in or continuing to engage in existing production business, in particular to provide Goertek Inc. with relevant materials and services needed for its operation. Since the date of issuance of this letter of commitment, the commitment parties (company and persons) undertake to indemnify Goertek Inc. for any loss or expense suffered or incurred in violation of any of the terms of this commitment.</p>			
Equity incentive commitments	The Company	Others commitments	<p>Stock option incentive plan of 2021: The Company undertakes not to provide loans or any other form of financial assistance to any participants to obtain relevant rights and interests under this incentive plan, including guarantee for their loans</p>	April 16, 2021	From the issuance date of the commitment to the completion	Strictly fulfilled

					of the implementation of the stock option incentive plan of 2021	
Equity incentive commitments	The Company	Others commitments	Stock option incentive plan of 2022: The Company undertakes not to provide loans or any other form of financial assistance to any participants to obtain relevant rights and interests under this incentive plan, including guarantee for their loans	July 8, 2022	From the issuance date of the commitment to the completion of the implementation of the stock option incentive plan of 2022	Strictly fulfilled
Other commitments made to minority shareholders	The Company	Others commitments	From March 5, 2020 to the end of the use of the funds raised from convertible corporate bonds issuing or within 36 months after the funds raised are in place, the Company will no longer increase the funds usage in financial business (including capital investment, borrowing, guarantee and other forms of capital investment). The Company will not use the funds raised directly or in disguise for financial business	March 5, 2020	From March 5, 2020 to the end of the use of funds raised or within 36 months after the funds raised are in place	Strictly fulfilled
Other commitments made to minority shareholders	The Company	Others commitments	The Company promises not to carry out venture capital investment during the period of temporary working capital supplement with raised funds, and undertakes to use these raised funds only for production and operation related to the main business. The Company shall not directly or indirectly use raised funds for the subscription or placement of stocks, or for the trading of stocks and their derivatives, convertible corporate bonds, etc.	November 8, 2021	During the time period of temporary liquidity replenishment with raised funds starting from November 8, 2021	All raised funds have been returned on November 4, 2022, thus the commitment has been completely fulfilled
Other commitments made	The Company	Others commitments	The Company's temporary use of some idle raised funds	November	During the time	Strictly fulfilled

to minority shareholders			to supplement the working capital shall be used only for production and operation related to the main business. The Company shall not directly or indirectly use raised funds for the subscription or placement of new shares, or for the trading of shares and their derivatives, convertible bonds, etc. The Company undertakes that temporarily use of idle raised funds to supplement working capital shall be for daily production and operation activities only. The Company will not use idle raised funds to directly or indirectly make high-risk investments such as securities investment and derivatives trading.	21, 2022	period of temporary liquidity replenishment with raised funds starting from November 21, 2022	
Other commitments made to minority shareholders	Mr. Jia Jun'an, Vice President, Secretary of the Board	Commitment to restricted stock	Not to reduce his holdings of company shares or engaging in insider trading or short-swing trading within 6 months from April 6, 2022, nor to buy or sell company stocks during sensitive time periods.	April 6, 2022	For the next 6 consecutive months from April 6, 2022	Completely fulfilled on October 5, 2022
Other commitments made to minority shareholders	Mr. Jia Jun'an, Vice President, Secretary of the Board	Commitment to restricted stock	Not to reduce his holdings of company shares or engaging in insider trading or short-swing trading within 6 months from April 15, 2022, nor to buy or sell company stocks during sensitive time periods.	April 15, 2022	For the next 6 consecutive months from April 15, 2022	Completely fulfilled on October 14, 2022
Other commitments made to minority shareholders	Mr. Jia Jun'an, Vice President, Secretary of the Board	Commitment to restricted stock	Not to reduce his holdings of company shares or engaging in insider trading or short-swing trading within 6 months from September 23, 2022, nor to buy or sell company stocks during sensitive time periods.	September 23, 2022	For the next 6 consecutive months from September 23, 2022	Completely fulfilled on March 22, 2023
Other commitments made to minority shareholders	Mr. Jia Jun'an, Vice President, Secretary of the Board	Commitment to restricted stock	Carry out in accordance with relevant laws and regulations and relevant provisions of Shenzhen Stock Exchange, not reduce his shareholding of the Company during the shareholding increase period and within the legal lock-up period, and complete the shareholding increase plan within the implementation period. The operation of shareholding increase shall strictly abide by the relevant regulations of the China Securities Regulatory Commission and the Shenzhen Stock Exchange and not engage in trading, trading of shares during sensitive periods, and short-swing trading.	September 28, 2022	Within 3 months from September 28, 2022	Completely fulfilled on December 27, 2022

Whether the commitments are fulfilled on time	Yes
If the commitments are not fulfilled within the time limit, specific reasons for the failure of complying and the work plan for the next step shall be explained in details	Not applicable

2. If the Company's assets or projects have profit forecasts and the reporting period is still in the profit forecasting period, the Company shall make statement on whether the assets or projects reach the original profit forecast and provide relevant reasons

Applicable Not applicable

II. Non-operational Occupation of Funds by Controlling Shareholders and Other Related Parties to Listed Companies

Applicable Not applicable

During the reporting period of the Company, there is no non-operational occupation of funds by controlling shareholders or other related parties to the Company.

III. External Guarantee in Violation of Regulations

Applicable Not applicable

The Company has no violation of external guarantee during the reporting period.

IV. Explanation made by the Board of Directors about the modified audit opinion for the latest period

Applicable Not applicable

V. Explanation of the Accounting Firm's "Modified Auditor's Report" by the Board of Directors, the Board of Supervisors and Independent Directors (if Any) During the Reporting Period

Applicable Not applicable

VI. Explanation of changes in Accounting Policies, Accounting Estimates or Correction of Major Accounting Errors Compared with the Financial Report of Previous Year

Applicable Not applicable

1. Changes in accounting policy

The Ministry of Finance issued the Interpretation No. 15 of the Accounting Standards for Business Enterprises (Finance and Accounting [2021] No. 35) in 2021, and the Interpretation No. 16 of the Accounting Standards for Business Enterprises (Finance and Accounting [2022] No. 31) in 2022. The above changes in accounting policy have no significant impact on the financial statements of the Group and the Company.

2. There is no change in accounting estimates during the reporting period.

3. There is no correction of major accounting errors during the reporting period.

VII. Explanation of Changes in the Scope of the Consolidated Statements Compared with Previous Year's Financial Report

Applicable Not applicable

During the reporting period, the Company established 8 subsidiaries: Goertek Optical Technology (Qingdao) Co., Ltd, Goertek Optical Technology (Shanghai) Co., Ltd, Qingdao Resonance Venture Capital Management Co., Ltd., Qingdao Resonance Phase I Venture Capital Fund Partnership (Limited Partnership), Weifang Goertek Electronics Co., Ltd., Qingdao Goertek Horizons Technology Co., Ltd, Weifang High-tech Zone Goertek Education Center, and Goertek Microelectronics Vietnam Company Limited. During the reporting period, the Company disposed of 2 subsidiaries: Shenzhen Mototek Smart Technology Co., Ltd. and Qingdao Resonance Venture Capital Management Co., Ltd.

VIII. Appointment and Dismissal of Accounting Firms

Accounting firm currently appointed

Name of the domestic accounting firm	Zhongxi Certified Public Accountants (special general partnership)
Remuneration of the domestic accounting firm (unit: RMB 10,000)	220
Consecutive audit service years of the domestic accounting firm	4
Name of certified public accountant of the domestic accounting firm	Du Yeqin, Zhang Shuli
Consecutive audit service years of certified public accountant of the domestic accounting firm	Du Yeqin has been in service for 3 years on end, and Zhang Shuli for 1 year
Name of overseas accounting firms (if any)	None
Remuneration of overseas accounting firms (unit: RMB 10,000) (if any)	0
Consecutive audit service years of overseas accounting firms (if any)	None
Names of certified public accountants of the overseas accounting firms	None
Consecutive audit service years of certified public accountants of overseas accounting firms (if any)	None

Whether to reappoint accounting firm in current period

Yes No

Employment of internal control audit accounting firms, financial consultants or sponsors

Applicable Not applicable

During the reporting period, the Company engaged Zhongxi Certified Public Accountants (special general partnership) as the internal control audit accounting firm and paid the internal control audit fee of RMB 800,000 during the period.

IX. Delisting After the Disclosure of Annual Report

Applicable Not applicable

X. Bankruptcy or Reorganization Related Events

Applicable Not applicable

No bankruptcy or reorganization related events occurred during the reporting period.

XI. Significant Lawsuit and Arbitration Events

Applicable Not applicable

No significant litigation or arbitration events occurred during the reporting period.

XII. Punishment and Rectification

Applicable Not applicable

No punishment or rectification occurred during the reporting period.

XIII. Integrity Issues of the Company, Controlling Shareholders and Actual Controllers

Applicable Not applicable

XIV. Significant Affiliated Transactions

1. Affiliated transactions related to daily operations

Applicable Not applicable

No significant affiliated transactions related to daily operations occurred during the reporting period.

2. Affiliated transactions involving the acquisition or sale of assets or equity

Applicable Not applicable

No significant affiliated transactions involving the acquisition or sale of assets or equity occurred during the reporting period.

3. Affiliated transactions of joint external investment

Applicable Not applicable

No significant affiliated transactions of joint external investment occurred during the reporting period.

4. Affiliated transactions of credits and liabilities

Applicable Not applicable

No significant affiliated transactions of credits and liabilities occurred during the reporting period.

5. Business with affiliated financial company

Applicable Not applicable

There was no deposit, loan, credit granting or other financial business between the Company and the affiliated financial company and its related parties.

6. Business between the related parties and the financial company controlled by the Company

Applicable Not applicable

There was not any financial company controlled by the Company.

7. Other significant affiliated transactions

Applicable Not applicable

No other significant affiliated transactions occurred during the reporting period.

XV. Significant Contracts and Executions

1. Trusteeship, contracting and leasing

(1) Trusteeship

Applicable Not applicable

No trusteeship occurred during the reporting period.

(2) Contracting

Applicable Not applicable

No contracting occurred during the reporting period.

(3) Leasing

Applicable Not applicable

No significant leasing occurred during the reporting period.

2. Significant guarantees

Applicable Not applicable

Unit: RMB 10,000

External guarantee of the Company and its subsidiaries (excluding guarantees for subsidiaries)										
Name of guaranteed party	Disclosure date of the amount limit of the guarantee	The amount limit of the guarantee	Actual occurrence date	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the guarantee is complete	Whether guarantee for related parties
Not applicable										
The Company's guarantee to its subsidiaries										
Name of guaranteed party	Disclosure date of the amount limit of the guarantee	The amount limit of the guarantee	Actual occurrence date	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the guarantee is complete	Whether guarantee for related parties
Goertek (HongKong) Co.,Limited	March 27, 2021	208,938.00	September 10, 2021	6,964.60	Joint liability guarantee			1 year	Yes	No
Goertek (HongKong) Co.,Limited	March 27, 2021	208,938.00	October 20, 2021	6,964.60	Joint liability guarantee			1 year	Yes	No
Goertek (HongKong) Co.,Limited	March 30, 2022	208,938.00	September 10, 2022	6,964.60	Joint liability guarantee			1 year	No	No
Goertek (HongKong) Co.,Limited	March 30, 2022	208,938.00	October 20, 2022	6,964.60	Joint liability guarantee			1 year	No	No
Goertek (HongKong) Co.,Limited	April 20, 2019	208,938.00	January 16, 2020	79,379.03	Joint liability guarantee			3 years	Yes	No
Goertek (HongKong) Co.,Limited	April 20, 2019	208,938.00	January 17, 2020	3,499.71	Joint liability guarantee			3 years	Yes	No
Goertek (HongKong) Co.,Limited	April 20, 2019	208,938.00	February 24, 2020	49,448.66	Joint liability guarantee			3 years	Yes	No
Goertek (HongKong) Co.,Limited	March 27, 2021	208,938.00	August 20, 2021	17,411.50	Joint liability guarantee			1 year	Yes	No
Goertek (HongKong) Co.,Limited	March 30, 2022	208,938.00	August 20, 2022	17,411.50	Joint liability guarantee			1 year	Yes	No
Goertek (HongKong) Co.,Limited	March 30, 2022	208,938.00	May 17, 2022	20,545.57	Joint liability guarantee			1 year	No	No
Goertek (HongKong) Co.,Limited	March 30, 2022	208,938.00	May 24, 2022	14,277.43	Joint liability guarantee			1 year	No	No
Goertek Technology Vina Company Limited	March 27, 2021	156,500.00	June 6, 2021	2,154.46	Joint liability guarantee			1 year	Yes	No

Goertek Technology Vina Company Limited	March 30, 2022	65,000.00	June 22, 2022	1,173.20	Joint liability guarantee			1 year	No	No
Goertek Technology Vina Company Limited	March 27, 2021	156,500.00	June 6, 2021	230.00	Joint liability guarantee			1 year	Yes	No
Goertek Technology Vina Company Limited	March 30, 2022	65,000.00	June 22, 2022	108.00	Joint liability guarantee			1 year	No	No
Goertek Technology Vina Company Limited	March 27, 2021	156,500.00	July 30, 2021	3,516.54	Joint liability guarantee			1 year	Yes	No
Goertek Technology Vina Company Limited	March 27, 2021	156,500.00	October 18, 2021	318.26	Joint liability guarantee			1 year	Yes	No
Goertek Technology Vina Company Limited	March 27, 2021	156,500.00	August 1, 2021	270.77	Joint liability guarantee			1 year	Yes	No
Goertek Technology Vina Company Limited	March 27, 2021	156,500.00	June 29, 2021	571.38	Joint liability guarantee			1 year	Yes	No
Goertek Microelectronics Inc.	March 27, 2021	2,640.00	November 19, 2021	3.45	Joint liability guarantee			1 year	Yes	No
Goertek Microelectronics Inc.	March 30, 2022	2,089.38	November 18, 2022	2.77	Joint liability guarantee			1 year	No	No
Weifang Goertek Microelectronics Co., Ltd.	March 27, 2021	650.00	March 27, 2021	7.80	Joint liability guarantee			1 year	Yes	No
Weifang Goertek Microelectronics Co., Ltd.	March 30, 2022	300.00	May 12, 2022	20.06	Joint liability guarantee			1 year	No	No
Rongcheng Goertek Microelectronics Co., Ltd.	March 30, 2022	300.00	May 12, 2022		Joint liability guarantee			1 year	No	No
Goertek	March 27,	1,500.00	June 10,	199.88	Joint			1 year	Yes	No

Intelligence Technology Co., Ltd.	2021		2021		liability guarantee					
Total amount of guarantee limit to subsidiaries approved during the reporting period (B1)		489,742.38		Total amount of actual guarantee to subsidiaries occurred during the reporting period (B2)		238,408.37				
Total amount of guarantee limit to subsidiaries approved at the end of the reporting period (B3)		1,074,768.78		Total balance of actual guarantee to subsidiaries occurred at the end of the reporting period (B4)		50,056.23				
The guarantee between subsidiaries										
Name of guaranteed party	Disclosure date of the amount limit of the guarantee	The amount limit of the guarantee	Actual occurrence date	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the guarantee is complete	Whether guarantee for related parties
Not applicable										
Total amount of company guarantee (namely the sum of the previous three items)										
Total amount of guarantee limit approved during the reporting period (A1+B1+C1)		489,742.38		Total amount of actual external guarantee occurred during the reporting period (A2+B2+C2)		238,408.37				
Total amount of external guarantee limit approved at the end of the reporting period (A3+B3+C3)		1,074,768.78		Total balance of actual external guarantee occurred at the end of the reporting period (A4+B4+C4)		50,056.23				
The proportion of the total amount of actual guarantee (i.e. A4+B4+C4) to the net assets of the Company				1.70%						
Including:										
Balance of guarantees for shareholders, actual controllers and their affiliate parties (D)				0						
Balance of guarantee provided directly or indirectly to the parties with an asset-liability ratio of more than 70% (E)				48,752.20						
Amount of total guarantees exceeding 50% of net assets (F)				0						
Total amount of the above three kinds of guarantees (D+E+F)				48,752.20						
Explanation of unexpired guarantee contracts for which there are guarantee liabilities or there are evidence showing the possibility of joint and several liability for repayment during the reporting period (if any)				None						
Description of external guarantees provided in violation of prescribed procedures (if any)				None						

Specific description of complex guarantees

None

3. Management trust of cash assets**(1) Entrusted financial investment**

Applicable Not applicable

No entrusted financial management occurred during the reporting period.

(2) Entrusted loans

Applicable Not applicable

No entrusted loans occurred during the reporting period.

4. Other major contracts

Applicable Not applicable

No other significant contracts occurred during the reporting period.

XVI. Explanation of Other Significant Matters

Applicable Not applicable

In accordance with the requirements of laws and regulations, the Company has disclosed the significant matters that occurred during the reporting period on <http://www.cninfo.com.cn>, Securities Times, China Securities Journal, Shanghai Securities News and Securities Daily. Other than that, no other significant matters occurred.

XVII. Significant Matters Occurred to Subsidiaries of the Company

Applicable Not applicable

On November 10, 2020, the Company held the 12th meeting of the 5th board of directors and the 10th meeting of the 5th board of supervisors, which approved The Proposal of Planning the Spin-off of the Holding Subsidiary. It agreed to plan and prepare the spin-off of the Company's holding subsidiary Goertek Microelectronics Co., Ltd. For details, please see The Informative Announcement of Goertek Inc. on Planning and Preparing the Spin-off of Holding Subsidiary issued on November 11, 2020.

The 17th meeting of the 5th board of directors and the 12th meeting of the 5th board of supervisors were held on March 1, 2021 to approve The Proposal on the Introduction of External Investors of the Holding Subsidiary and Affiliate Transactions. It agreed to accept a total of RMB 2,149.987749 million capital investment from 15 external investors, including Qingdao Microelectronics Innovation Center Co., Ltd., Mr. Tang Wenbo, Gongqingcheng Chunlin Equity Investment Partnership(L.P.), Qingdao Henghuitai Industry Development Fund Co., Ltd., and Goertek Group Co., Ltd., in exchange of 10.4075% of Goermicro's equity after above capital increase and share expansion. After the above investment, the percentage of shares of Goermicro held by the Company was diluted from 95.8773% to 85.8989%, which did not change the accounting consolidation scope of the financial statements of the Company. Details can be found in The Announcement of Goertek Inc. on the Introduction of External Investors of the Holding Subsidiary and Affiliate Transactions issued on March 2, 2021.

On April 21, 2021, the Company held the 20th meeting of the 5th Board of Directors and the 15th meeting of the 5th Board of Supervisors, which approved The Proposal on 'Plan for the Spin-off of Goertek Microelectronics Inc., a subsidiary of Goertek Inc., for Listing on the Growth Enterprise Board' and other related proposals. Details can be found in related announcements published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily and <http://www.cninfo.com.cn> on April 22, 2021.

On November 8, 2021, the Company held the 24th meeting of the 5th Board of Directors and the 19th meeting of the 5th Board of Supervisors, which approved The Proposal of 'Planning on the Spin-off of Goertek Microelectronics Inc. and Listing on the Growth Enterprise Board of Shenzhen Stock Exchange (Revised)' and other related proposals. The above-mentioned proposals have been reviewed and approved by the Company's first extraordinary general meeting of shareholders in 2021. Details can be found in related announcements published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily and <http://www.cninfo.com.cn> on November 9, 2021 and November 26, 2021.

On December 28, 2021, Goermicro received The Notice of Acceptance of Application Documents for Initial Public Offering of Shares and Listing on GEM of Goertek Microelectronics Inc. (Shenzhen Stock Exchange (2021) No. 549). In accordance with related regulations, the Shenzhen Stock Exchange checked the application report and related application documents submitted by Goermicro for initial public offering and listing on GEM, and decided to accept the application. Details can be found in The Informative

Announcement of Goertek on The Acceptance of Shenzhen Stock Exchange of The Application Documents of The Spin-off of Goertek Microelectronics Inc. and Listing on GEM issued by the Company on December 29, 2021.

According to the Announcement on the Results of the 74th Review Meeting of the GEM Listing Committee in 2022 issued by the Shenzhen Stock Exchange on October 19, 2022, Goertek Microelectronics Inc. (IPO) meets the requirements for issuance, listing and information disclosure.

On March 31, 2023, as the financial information recorded in the IPO application documents of Goertek Microelectronics Inc. had expired, a supplementary submission was required. According to the relevant provisions of the Review Rules of Shenzhen Stock Exchange for Stock Issuance and Listing, the review for issuance and listing review was suspended.

Section VII Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

	Before the change		Increases or decreases (+, -)					After the change	
	Number	Percentage	New shares	Bonus shares	Transferred from reserves	Other	Sub-total	Number	Percentage
I. Shares Subject to Selling Restrictions	478,911,375	14.02%				- 64,661,014	- 64,661,014	414,250,361	12.11%
1. State shareholding									
2. Shares held by state-owned corporates									
3. Shares held by other domestic shareholders	478,911,375	14.02%				- 64,661,014	- 64,661,014	414,250,361	12.11%
Including: held by domestic corporates									
held by domestic individuals	478,911,375	14.02%				- 64,661,014	- 64,661,014	414,250,361	12.11%
4. Shares held by foreign shareholders									
Including: held by foreign corporates									
held by foreign individuals									
II. Shares Without Restrictions	2,937,409,661	85.98%				68,743,178	68,743,178	3,006,152,839	87.89%
1. RMB common shares	2,937,409,661	85.98%				68,743,178	68,743,178	3,006,152,839	87.89%

2. Domestic listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total Number of Shares	3,416,321,036	100.00%				4,082,164	4,082,164	3,420,403,200	100.00%

Reasons for changes in shares

Applicable Not applicable

On June 10, 2022, the Company held the 30th meeting of the 5th Board of Directors and the 24th meeting of the 5th Board of Supervisors, which approved the Proposal on the Exercise Conditions for the First Exercise Period of the Initial Grant of the 2021 Stock Option Incentive Plan. Grantees who meet the exercise conditions may exercise stock options during the first exercise period by means of voluntary exercise. The actual exercise period is from June 24, 2022, to June 23, 2023. For details, please refer to the Announcement of Goertek Inc. on the Adoption of a Voluntary Exercise Mode for the First Exercise Period of the Initial Grant of the 2021 Stock Option Incentive Plan, disclosed by the Company on <http://www.cninfo.com.cn>, Securities Times, China Securities Journal, Shanghai Securities News and Securities Daily. During the reporting period, the grantees accumulatively exercised 4,082,164 shares during the first exercise period for the initial grant of 2021 stock option incentive plan.

Approval of changes in shares

Applicable Not applicable

On June 10, 2022, the Company held the 30th meeting of the 5th Board of Directors and the 24th meeting of the 5th Board of Supervisors, which approved the Proposal on the Exercise Conditions for the First Exercise Period of the Initial Grant of the 2021 Stock Option Incentive Plan, among others. The Board of Directors held that the exercise conditions for the first exercise period of the initial grant of the 2021 Stock Option Incentive Plan had been met. 503 grantees may exercise stock options during the first exercise period by means of voluntary exercise.

Transfer of ownership change of shares

Applicable Not applicable

According to the 2021 Stock Option Incentive Plan of Goertek Inc. (Draft), the first exercise period of the initial grant is from June 24, 2022, to June 23, 2023.

The impact of share changes on the financial indicators such as basic earnings per share, diluted earnings per share and net assets per share attributable to the Company's common shareholders in the latest year and the latest period

Applicable Not applicable

During the reporting period, the exercise of stock options by grantees under the 2021 Stock Option Incentive Plan correspondingly affected basic earnings per share and diluted earnings per share, but did not have a significant impact.

Other content that the Company considers necessary or that the securities regulator requires to be disclosed

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: share

Name of shareholder	Starting number of restricted shares in reporting period	Increased in reporting period	Decreased in current period	Closing number of restricted shares in reporting period	Type for restricted shares	Date of the removal of restrictions
Jiang Bin	280,115,554		64,567,500	215,548,054	Restricted shares	January 1, 2022

					of senior executives	
Jiang Long	187,758,898			187,758,898	Restricted shares of senior executives	January 1, 2022
Hu Shuangmei	16,200,000			16,200,000	Restricted shares of senior executives	January 1, 2022
Sun Hongbin	6,667,150	422,384		7,089,534	Restricted shares of senior executives	January 1, 2022
Duan Huilu	3,355,875		750,000	2,605,875	Restricted shares of senior executives	January 1, 2022
Jia Jun'an	150,000	450,000		600,000	Restricted shares of senior executives	January 1, 2022
Liu Chunfa	863,898		215,898	648,000	Restricted shares of senior executives	January 1, 2022
Total	495,111,375	872,384	65,533,398	430,450,361	--	--

II. Issuance and Listing of Securities

1. Securities issuance (excluding preference shares) during the reporting period

Applicable Not applicable

2. Description of changes in the total number of shares, the structure of shareholders, and the structure of assets and liabilities

Applicable Not applicable

At the 30th meeting of the 5th Board of Directors and the 24th meeting of the 5th Board of Supervisors, the Company approved the Proposal on the Exercise Conditions for the First Exercise Period of the Initial Grant of the 2021 Stock Option Incentive Plan. As the exercise conditions for the first exercise period of the initial grant of the 2021 Stock Option Incentive Plan had been met, the Company agreed that grantees may exercise stock options by means of voluntary exercise. During the reporting period, as grantees voluntarily exercised stock options, a total of 4,082,164 additional shares were issued.

3. Existing internal employee shares

Applicable Not applicable

III. Shareholders and actual controllers

1. Number of shareholders and corresponding shareholding

Unit: share

Total number of common shareholders at the end of the reporting	524,569	Total number of common shareholders as the end of the previous	523,319	Total number of preference sharehold	0	Total number of preference shareholders whose voting rights were restored at the end of the previous month before disclosure date of the annual report	0
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period		month before disclosure date of the annual report		ers whose voting rights were restored at the end of the reporting period (if any)				
Shareholding of shareholders with more than 5% of shares or the top 10 shareholders								
Name of shareholder	Type of shareholder	Percentage	Total common shares held at the end of the reporting period	Increase/ decrease during the reporting period	The number of common shares held with trading restrictions	The number of shares held without trading restrictions	Pledge or freeze status	
							Share status	Number
Goertek Group Co., Ltd.	Domestic non-state-owned corporation	14.84%	507,680,170			507,680,170		
Jiang Bin	Domestic Individual	8.40%	287,397,406		215,548,054	71,849,352		
Jiang Long	Domestic Individual	7.32%	250,345,197		187,758,898	62,586,299	Pledged	93,500,000
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Overseas corporation	3.64%	124,575,288			124,575,288		
China Securities Finance Corporation Limited	Other	2.43%	83,044,011			83,044,011		
National Social Security Fund Portfolio 103	Other	0.76%	26,000,000			26,000,000		
Chen Shihui	Domestic Individual	0.62%	21,332,500			21,332,500		
Tian'an Life Insurance Co., Ltd. - traditional products	Other	0.58%	20,000,000			20,000,000		
Dajia Life Insurance Co., Ltd. - universal	Other	0.51%	17,567,904			17,567,904		

products								
Taiping Life Insurance Co., Ltd.	State-owned legal entity	0.50%	17,174,970			17,174,970		
Strategic investors or general legal entities who become the top 10 shareholders as a result of the placement of new shares (if any)	None							
Explanation of the association of the above shareholders or their action in concert	Jiang Bin and Jiang Long are brothers; Goertek Group Co., Ltd. is a company controlled by Jiang Bin and Jiang Long.							
Explanation on entrustment/acceptance and waiver of voting rights by the aforesaid shareholders	None							
Special notes on the existing special account of securities repurchasing in the Top 10 shareholders (if any)	The specific securities repurchase account of Goertek Inc. holds 74,265,451 common shares, accounting for 2.17%.							
Shareholding of top 10 shareholders of shares without sales restrictions								
Name of shareholder	Number of shares without sales restrictions held at the end of the reporting period	Type of shares						
		Type of shares	Number					
Goertek Group Co., Ltd.	507,680,170	Ordinary shares in RMB	507,680,170					
Hong Kong Securities Clearing Company Ltd. (HKSCC)	124,575,288	Ordinary shares in RMB	124,575,288					
China Securities Finance Corporation Limited	83,044,011	Ordinary shares in RMB	83,044,011					
Jiang Bin	71,849,352	Ordinary shares in RMB	71,849,352					
Jiang Long	62,586,299	Ordinary shares in RMB	62,586,299					
National Social Security Fund Portfolio 103	26,000,000	Ordinary shares in RMB	26,000,000					
Chen Shihui	21,332,500	Ordinary shares in RMB	21,332,500					
Tian'an Life Insurance Co., Ltd. - traditional products	20,000,000	Ordinary shares in RMB	20,000,000					
Dajia Life Insurance Co., Ltd. - universal products	17,567,904	Ordinary shares in RMB	17,567,904					
Taiping Life Insurance Co., Ltd.	17,174,970	Ordinary shares in RMB	17,174,970					
Explanation on association or action in concert among top 10 shareholders of shares without sales restrictions, or between top 10 shareholders of shares without sales restrictions and top 10 shareholders	Jiang Bin and Jiang Long are brothers; Goertek Group Co., Ltd. is a company controlled by Jiang Bin and Jiang Long.							

Explanation on the top ten common shareholders' participation in the financing and loan businesses of securities trades(if any)	At the end of the reporting period, the shares held by Goertek Group Co., Ltd., the controlling shareholder of the Company include the 150,000,000 shares held in the customer credit transaction guarantee securities account of Southwest Securities Co., Ltd.
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Whether the Company's top 10 common shareholders and top 10 common shareholders without share sales restrictions agreed on any repurchase transaction in the reporting period

Yes No

None of the Company's top 10 common shareholders and top 10 common shareholders without share sales restrictions agreed on any repurchase in the reporting period.

2. Particulars about the controlling shareholder

Nature of the controlling shareholder: Private corporate

Type of the controlling shareholder: Legal entity

Name of the controlling shareholder	Legal representative/Head of the Company	Date of establishment	Organization code	Business scope
Goertek Group Co., Ltd.	Jiang Bin	April 24, 2001	913707007286084226	Residential interior decoration; medical services; technology import and export; investing activities conducted with own funds; non-residential real estate leasing; technical services; wholesale of edible agricultural products; tree planting management; electronic products sales, etc.
Shareholdings of the controlling shareholder in other listed companies	None			

Change of the controlling shareholders in the reporting period

Applicable Not applicable

No change on the controlling shareholder of the Company in the reporting period

3. Actual controllers of the Company and persons acting in concert with the actual controller

Nature of the actual controllers: Domestic individual

Type of the actual controllers: Individual

Name of the actual controller	Relationship with the actual controller	Nationality	Whether he/she has obtained the right of residence in another country or region
Jiang Bin	Himself	China	No
Hu Shuangmei	Himself	China	No
Jiang Long	Acting in concert (including agreement, relative and common control)	China	No

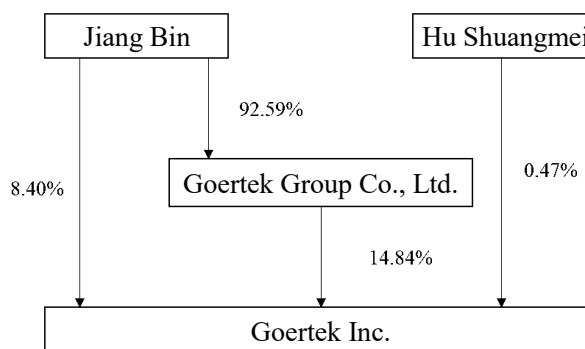
Main occupation and title	Mr. Jiang Bin is currently the board chairman of the Company; Mr. Jiang Long served as the vice chairman and president of the Company during the reporting period. (He resigned from the above positions on April 6, 2023.)
Information about other listed companies at home and abroad controlled in the last ten years	Goertek Inc.

Change on the actual controllers in the reporting period

Applicable Not applicable

No change on the actual controllers of the Company in the reporting period

Block Diagram for Property Right and Control Relationship Between the Company and its Actual Controllers



The actual controller controls the Company via trust or other ways of asset management

Applicable Not applicable

4. All the pledged shares account for 80% of the total shares held by the controlling shareholder or No.1 shareholder of the Company and their persons acting in concert

Applicable Not applicable

5. Particulars about other corporate shareholders with over 10% shares of the Company

Applicable Not applicable

6. Particulars on share sales restrictions for controlling shareholders, actual controllers, or other parties involved in the reorganization of the Company or in any commitments related to the sales of share

Applicable Not applicable

IV. Specific Implementation of Share Repurchase in the Reporting Period

Progress of share repurchase

Applicable Not applicable

The progress of repurchased shares reduction through centralized trading at competitive price

Applicable Not applicable

Section VIII Information of Preference Shares

Applicable Not applicable

There are no preference shares in the reporting period.

Section IX Information on the Bonds

Applicable Not applicable

Section X Financial Report

I. Auditor's Report

Auditor's Opinion	Standard unqualified opinion
Auditor's Report Sign-off Date	April 17, 2023
Name of the audit institution	ZHONGXI CPAs (SPECIAL GENERAL PARTNERSHIP)
Auditor's Report Number	Zhong Xi Cai Shen No. 2023S00781
Name of the Certified Public Accountant	Du Yeqin, Zhang Shuli

Text of the auditor's report

Auditor's Report

Zhong Xi Cai Shen No. 2023S00781

To all the shareholders of Goertek Inc.,

I. Opinion

We have audited the accompanying financial statements of Goertek Inc. (hereinafter referred to as "Goertek"), including the consolidated and Company's balance sheets as of December 31, 2022, consolidated and Company's income statements, consolidated and Company's cash flow statements, consolidated and Company's statements of changes in shareholder' equity, and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements have been prepared in all material aspects in accordance with the Accounting Standards for Business Enterprises, fairly reflecting the consolidated and Company's financial position as of December 31, 2022 and of the consolidated and Company's financial performance and cash flows for 2022.

II. Basis for Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those Standards are further described in the "Certified Public Accountants' Responsibilities for the Audit of the Financial Statements" section of the auditor's report. We are independent of Goertek Inc. in accordance with the Code of Ethics for Certified Public

Accountants of China ("Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our auditor's opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, are of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determine that the following matters are critical audit matters that need to be communicated in the audit report.

(I) Revenue recognition

1. Description of the matters

Goertek Inc. is mainly in the business of producing and selling electronic components, and for the accounting policy of revenue recognition, please refer to "32. Income" in "V. Significant Accounting Policies and Accounting Estimates" of notes to the financial statements. In 2022, the operating revenue in the consolidated financial statements of Goertek Inc. is RMB 104,894.32 million.

Revenue is one of the key performance indicators of Goertek Inc. and is the major source of profit of the Company, and the accuracy and completeness of revenue recognition has a significant impact on the profits of the Company. Therefore, we identified the recognition of Goertek Inc.'s revenue as a key audit matter.

2. Audit measures

We performed the following audit procedures in recognition of the operating revenue:

- (1) Understood, evaluated and tested the design and operation effectiveness of internal control related to revenue recognition;
- (2) Performed analytical review procedure to analyze the rationality of changes in the operating revenue and gross profits;
- (3) Identified the risk in the commodity ownership and the contractual terms related to remuneration transfer, evaluated whether the accounting policies for revenue recognition in different modes were appropriate, and evaluated whether the time point for revenue recognition of the Company was consistent with the requirements in the Accounting Standards for Business Enterprises by checking the major sales contracts or orders, understanding the policies for receipt and return of goods, communicating with the management and other procedures;
- (4) Selected samples to check the sales contracts or orders, sales invoices, shipping orders, declarations for exportation, waybills (receipt forms), bank slips and other supporting documents related to revenue recognition, and executed external confirmation procedures on a sampling basis;
- (5) Selected samples to reconcile the shipping orders, declarations for exportation, waybills (receipt forms) and other supporting documents against the product sales revenue recognized before and after the balance sheet date to evaluate whether the revenue was recognized in the appropriate accounting period.

(II) Provision for decline in the value of inventories

1. Description of the matters

For the related accounting policies, please refer to "15. Inventory" in "V. Significant Accounting Policies and Accounting Estimates" of notes to the financial statements. As of December 31, 2022, the inventory balance was RMB 18,419.65 million, the amount of provision for decline in the value of inventories was RMB1,070.98 million, and the book value was RMB 17,348.67 million.

On the balance sheet date, inventory is measured at cost or net realizable value (whichever is lower). The provision for decline in the value of inventories is generally made at the difference between an inventory item's cost and its net realizable value. To determine the net realizable value of the inventory, the Management needs to estimate the selling price of the inventory, the costs to be incurred by the time of completion, selling expenses, and related taxes. In November 2022, Goertek Inc. announced that it had received a notice from a major overseas customer to suspend the production of one of its smart acoustic products. The matter resulted in the related inventory being partially excess and obsolete.

We identified the provision for decline in the value of inventories as a key audit matter because the amount of inventory is significant and the provision for decline in the value of inventories requires significant accounting judgment and estimates by the Management.

2. Audit measures

We performed the following audit procedures on the provision for inventory write down:

- (1) We understood, evaluated, and tested the effectiveness of the design and operation of internal controls related to the provision for inventory write down;
- (2) We implemented the inventory monitoring procedure, paying attention to slow-moving, excessive, obsolete, or damaged inventory items, and checking the relevant inventory list with the Management's inventory write down list;
- (3) We obtained the year-end inventory age list and performed an analytical review of older inventories based on the condition of the products to evaluate the rationality of the provision for inventory write down;
- (4) We obtained the inventory write down calculation table and reviewed the net realizable value of inventory and the amount of provision for inventory provision, so as to evaluate the rationality of accounting judgments made by the Management in determining the net realizable value of inventory;
- (5) In response to the suspension of production of a smart acoustic product for a major overseas customer, we paid special attention to the delivery of inventory and the disposal plan of raw materials and work-in-progress inventory.

(III) Provision for impairment of fixed assets

1. Description of the matters

For the provision for impairment of fixed assets, please refer to "25. Impairment of Long-term Assets" in "V. Significant Accounting Policies and Accounting Estimates". As of December 31, 2022, the book value of the Company's fixed assets was RMB 21,459.76 million, and the provision for impairment of fixed assets in 2022 was RMB 579.46 million.

In November 2022, Goertek Inc. announced that it had received a notice from a major overseas customer to suspend the production of one of its smart acoustic products. This matter resulted in impairment of the related fixed assets. The Management conducted impairment tests on the related fixed assets on the balance sheet date. If the impairment test results show that the recoverable amount of an asset is lower than its book value, the provision for impairment shall be accrued according to the difference and recorded into the impairment loss. The recoverable amount is the higher of the net amount of the fair value of the asset less the disposal expenses and the present value of the expected future cash flow of the asset.

Since the book value of fixed assets has a significant impact on financial statements and the provision for impairment of fixed assets requires the management to make significant accounting judgments and estimates, we identified the provision for impairment of fixed assets as a key audit matter.

2. Audit measures

We mainly implemented the following audit procedures for the provision for impairment of fixed assets:

- (1) We understood, evaluated, and tested the effectiveness of the design and operation of internal control related to the provision for impairment of fixed assets;
- (2) We inspected relevant fixed assets on site and implemented monitoring procedures to verify whether there are idle situations and determine whether there are signs of impairment;
- (3) In response to the suspended production of a smart acoustic product for a major overseas customer, we paid special attention to the use of related fixed assets and related disposal plans;
- (4) We analyzed the Management's judgment on whether there are signs of possible impairment of fixed assets at the end of the period, evaluated the appropriateness of the Management's fixed asset impairment test method, and reviewed the key assumptions and rationality of judgments adopted by the Management in the impairment test method;
- (5) We obtained appraisal reports on fixed assets from third-party institutions and reviewed the appraisal scope, assumptions, conclusions, etc. in the appraisal reports.

IV. Other Information

The Management of Goertek Inc. (the Management) is responsible for Other Information. Other Information includes information covered in the 2022 Annual Report of Goertek Inc. but excludes financial statements and auditor's reports.

Our auditor's opinions on financial statements do not cover Other Information. We also do not express any kind of verification conclusion on Other Information.

In combination with our audit of the financial statements, we're obliged to read the Other Information. In the process, we consider whether the Other Information is materially inconsistent with the financial statements or the information we learned during the audit, or whether there is a material misstatement.

Based on the work that we have already done, if we determine that the Other Information contains material misstatements, we should report the fact. In this regard, we have nothing to report.

V. Responsibilities of Management and Governance for the Financial Statements

The management of Goertek Inc. is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the ability of Goertek Inc. to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management intends to liquidate Goertek Inc. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of Goertek Inc.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards will always detect a material misstatement

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit in accordance with the Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and perform audit procedures to address those risks, and obtain audit evidence that is sufficient and appropriate as the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit to design appropriate audit procedures.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
4. Conclude on the appropriateness of Management's use of the going concern basis of accounting. And, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Goertek Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to express a qualified opinion. Our conclusions are based on the information obtained up to the date of our auditor's report. However, future events or conditions may cause Goertek Inc. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements fairly represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities within Goertek Inc. to express an opinion on the financial statements. We are responsible for the instruction, supervision and execution of the Group's audit, and assume full responsibility for the auditor's opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Zhongxi Certified Public Accountants (SPECIAL
GENERAL PARTNERSHIP)

Beijing China

Certified Public Accountant in China
(Engagement partner): _____

Du Yeqin

Certified Public Accountant in China: _____

Zhang Shuli

April 17, 2023

II. Financial Statements

The currency in the notes to the financial statements is: RMB

1. Consolidated Balance Sheet

Prepared by: Goertek Inc.

December 31, 2022

Unit: RMB

Item	December 31, 2022	January 1, 2022
Current assets:		
Cash at bank and on hand	12,682,871,091.80	10,048,521,696.09
Deposit reservation for balance		
Lending funds		
Financial assets held for trading	338,662,097.66	119,267,279.02
Derivative financial assets		
Notes receivable	25,847,492.24	50,094,700.47
Accounts receivable	14,396,180,782.93	11,899,214,525.92
Financing receivables	22,375,874.12	14,575,230.24
Advances to suppliers	50,656,153.43	97,544,817.98
Premiums receivable		
Reinsurance accounts receivable		
Provision of cession receivable		
Other receivables	96,442,803.18	374,669,355.98
Including: Interest receivable		
Dividends receivable		
Redemptory financial asset for sale		
Inventories	17,348,670,744.58	12,082,308,485.38
Contract assets		
Assets held for sale		
Current portion of non-current assets	70,302,566.25	
Other current assets	530,991,435.56	475,772,227.60
Total current assets	45,563,001,041.75	35,161,968,318.68
Non-current assets:		
Loans and advances disbursed		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	361,008,671.83	437,402,203.91
Investments in other equity instruments	699,249,262.24	465,677,764.54
Other non-current financial assets	318,661,575.31	201,430,042.13
Investment properties		
Fixed assets	21,459,756,268.25	18,123,352,480.76
Construction in progress	2,424,443,775.33	2,127,055,853.77
Bearer biological assets		

Oil and gas assets		
Right-of-use assets	580,175,922.73	330,796,520.66
Intangible assets	2,720,793,670.68	2,762,793,788.85
Development costs	361,178,111.91	242,956,092.44
Goodwill	16,859,185.08	16,859,185.08
Long-term prepaid expenses	337,561,524.06	207,195,490.25
Deferred tax assets	1,369,530,623.51	495,124,421.81
Other non-current assets	964,135,835.23	506,438,970.39
Total non-current assets	31,613,354,426.16	25,917,082,814.59
Total assets	77,176,355,467.91	61,079,051,133.27
Current liabilities:		
Short-term borrowings	7,120,846,026.67	4,284,859,347.02
Borrowings from banks and other financial institutions		
Borrowing funds		
Financial liabilities held for trading	202,293,742.46	15,190,564.34
Derivative financial liabilities		
Notes payable	4,850,498,246.08	2,742,876,464.23
Accounts payable	25,748,758,270.19	18,529,609,655.40
Advances from customers		
Contract liabilities	2,295,347,547.31	2,210,825,761.69
Financial assets sold for repurchase		
Customer deposits and deposits from banks and other financial institutions		
Receiving from vicariously traded securities		
Receiving from vicariously sold securities		
Employee benefits payable	1,039,571,778.39	1,066,570,159.63
Taxes payable	284,911,767.58	356,610,000.28
Other payables	78,974,306.79	80,187,733.17
Including: Interest payable		
Dividends payable		
Handling charges and commissions payable		
Dividend payable for reinsurance		
Liabilities held for sale		
Current portion of non-current liabilities	1,095,618,327.74	501,408,170.04
Other current liabilities	4,252,178.60	14,844,359.01
Total current liabilities	42,721,072,191.81	29,802,982,214.81
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term borrowings	2,206,000,000.00	2,204,215,784.74
Debentures payable		
Including: Preference shares		

Perpetual bonds		
Lease liabilities	470,704,507.75	210,209,955.40
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	532,374,144.38	540,321,080.65
Deferred tax liabilities	816,118,632.40	389,933,389.40
Other non-current liabilities	172,261,037.39	
Total non-current liabilities	4,197,458,321.92	3,344,680,210.19
Total liabilities	46,918,530,513.73	33,147,662,425.00
Shareholders' equity:		
Share capital	3,420,403,200.00	3,416,321,036.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital surplus	10,280,659,251.03	9,478,106,194.30
Less: Treasury stock	2,291,973,146.75	2,291,973,146.75
Other comprehensive income	122,377,334.36	-100,146,769.57
Specific reserve		
Surplus reserve	1,446,536,121.51	1,446,536,121.51
General risk reserve	6,081,200.00	6,081,200.00
Undistributed profits	16,507,798,239.34	15,372,823,358.48
Total equity attributable to the owners of the Company	29,491,882,199.49	27,327,747,993.97
Minority interests	765,942,754.69	603,640,714.30
Total shareholders' equity	30,257,824,954.18	27,931,388,708.27
Total liabilities and shareholders' equity	77,176,355,467.91	61,079,051,133.27

Legal representative:

Jiang Bin

Principal in charge of accounting:

Li Yongzhi

Head of the accounting department:

Li Yongzhi

2. Parent company balance sheet

Unit: RMB

Item	December 31, 2022	January 1, 2022
Current assets:		
Cash at bank and on hand	3,297,113,271.47	4,068,082,163.75
Financial assets held for trading	182,610,198.06	102,214,286.66
Derivative financial assets		
Notes receivable	7,252,050.59	15,951,819.79
Accounts receivable	8,870,599,478.20	8,009,174,174.20
Financing receivables	20,812,233.59	12,277,005.37
Advances to suppliers	12,302,281.24	33,005,000.34
Other receivables	7,549,205,233.13	3,927,667,930.14
Including: Interest receivable		
Dividends receivable		

Inventories	4,322,610,550.17	5,386,290,840.96
Contract assets		
Assets held for sale		
Current portion of non-current assets	70,184,291.67	
Other current assets	150,596,159.89	89,132,401.04
Total current assets	24,483,285,748.01	21,643,795,622.25
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	6,761,368,254.99	6,182,937,106.09
Investments in other equity instruments		
Other non-current financial assets	187,386,179.39	81,254,792.77
Investment properties		
Fixed assets	10,645,143,425.63	9,979,950,421.03
Construction in progress	1,126,851,927.87	1,083,563,418.24
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	280,327,936.71	70,843,695.85
Intangible assets	1,984,169,023.39	2,283,338,054.04
Development costs	241,947,146.57	105,363,784.94
Goodwill		
Long-term prepaid expenses	20,436,053.45	6,206,772.89
Deferred tax assets	788,677,414.86	233,025,132.43
Other non-current assets	669,073,701.52	297,122,363.13
Total non-current assets	22,705,381,064.38	20,323,605,541.41
Total assets	47,188,666,812.39	41,967,401,163.66
Current liabilities:		
Short-term borrowings	4,444,406,920.52	3,346,827,327.53
Financial liabilities held for trading	19,392,000.00	4,080,000.00
Derivative financial liabilities		
Notes payable	4,648,250,141.38	2,348,480,930.59
Accounts payable	9,328,082,173.15	9,328,493,202.63
Advances from customers		
Contract liabilities	1,005,783,290.09	340,559,741.33
Employee benefits payable	493,789,544.79	550,001,996.91
Taxes payable	40,037,090.10	37,673,083.32
Other payables	2,600,416,992.05	3,270,836,911.14
Including: Interest payable		
Dividends payable		
Liabilities held for sale		
Current portion of non-current liabilities	1,006,575,141.61	412,234,240.19
Other current liabilities	1,487,433.65	9,670,427.10
Total current liabilities	23,588,220,727.34	19,648,857,860.74

Non-current liabilities:		
Long-term borrowings	2,206,000,000.00	990,921,555.56
Debentures payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	267,086,388.96	52,713,002.49
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	184,692,979.14	186,139,483.46
Deferred tax liabilities	536,571,810.07	373,963,793.59
Other non-current liabilities		
Total non-current liabilities	3,194,351,178.17	1,603,737,835.10
Total liabilities	26,782,571,905.51	21,252,595,695.84
Shareholders' equity:		
Share capital	3,420,403,200.00	3,416,321,036.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital surplus	8,421,030,014.05	7,706,634,091.21
Less: Treasury stock	2,291,973,146.75	2,291,973,146.75
Other comprehensive income		
Specific reserve		
Surplus reserve	1,446,533,339.11	1,446,533,339.11
Undistributed profits	9,410,101,500.47	10,437,290,148.25
Total shareholders' equity	20,406,094,906.88	20,714,805,467.82
Total liabilities and shareholders' equity	47,188,666,812.39	41,967,401,163.66

3. Consolidated income statement

Unit: RMB

Item	2022	2021
I. Revenue	104,894,324,162.26	78,221,418,618.02
Including: Operating revenue	104,894,324,162.26	78,221,418,618.02
Interest income		
Earned premium		
Total revenue from handling charges and commissions		
II. Total Operating Cost	101,718,859,767.81	74,123,260,660.02
Including: cost of sales	93,233,476,543.28	67,167,666,659.66
Interest expense		
Handling charge and commission expense		
Surrender value		
Net payments for insurance claims		

Net amount of withdrawal of insurance contract reserve		
Expenditures of policy dividend		
Amortized reinsurance expenditures		
Taxes and surcharges	266,930,500.29	221,891,985.50
Selling expenses	548,298,842.05	444,869,977.08
General and administrative expenses	2,294,505,645.46	1,951,657,773.32
Research and development expenses	5,226,525,154.99	4,170,074,282.10
Financial expenses	149,123,081.74	167,099,982.36
Including: Interest expenses	303,539,076.90	209,622,292.85
Interest income	189,356,256.02	91,492,632.72
Add: Other income	373,205,863.18	466,722,801.11
Investment income ("-" for loss)	-36,243,969.62	469,239,884.79
Including: Investment income from associates and joint ventures	2,298,237.32	23,111,753.41
Profits or losses arising from derecognised financial assets at amortised cost	-23,037,232.06	-7,852,608.05
Exchange gains ("-" for loss)		
Net exposure hedging income ("-" for loss)		
Gains on changes in fair value ("-" for loss)	-57,081,334.97	-48,848,625.93
Credit impairment losses ("-" for loss)	-14,220,595.92	-29,693,677.67
Asset impairment losses ("-" for loss)	-1,782,744,359.91	-241,075,506.45
Gains on disposal of assets ("-" for loss)	-47,898,939.73	-31,179,825.99
III. Operating Profit ("-" for loss)	1,610,481,057.48	4,683,323,007.86
Add: Non-operating income	21,477,460.44	22,444,738.18
Less: Non-operating expenses	122,730,370.49	99,858,949.06
IV. Total Profit ("-" for total losses)	1,509,228,147.43	4,605,908,796.98
Less: Income tax expenses	-281,790,237.36	298,842,312.64
V. Net profit ("-" for net loss)	1,791,018,384.79	4,307,066,484.34
(I) Classification by continuity of operations		
1. Net profit from continuing operations ("-" for net loss)	1,791,018,384.79	4,307,066,484.34
2. Net profit from discontinued operations ("-" for net loss)		
(II) Classification by ownership of the equity		
1. Net profit attributable to the	1,749,181,131.83	4,274,702,999.38

shareholders of the Company		
2. Minority interests	41,837,252.96	32,363,484.96
VI. Other comprehensive income, net of tax	225,089,038.47	21,620,809.04
Other comprehensive income, net of tax attributable to the shareholders of the Company	222,524,103.93	11,863,242.95
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss	2,195,604.99	39,220,079.94
1. Changes in remeasurement of defined benefit plan		
2. Shares of other comprehensive income of the investee accounted for using equity method that will not be subsequently reclassified to profit or loss		
3. Changes in fair value of investments in other equity instruments	2,195,604.99	39,220,079.94
4. Changes in fair value attributable to change in the credit risk of financial liability designated at FVPL		
5. Others		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	220,328,498.94	-27,356,836.99
1. Shares of other comprehensive income of the investee accounted for using equity method that will be reclassified to profit or loss	-27,351,340.30	7,950,273.16
2. Changes in fair value of other debt investments		
3. Shares of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Effective portion of gains or losses on hedging instruments in a cash flow hedge		
6. Translation differences on translation of foreign currency financial statements	247,679,839.24	-35,307,110.15
7. Others		
Net other comprehensive income, net of tax, attributable to minority shareholders	2,564,934.54	9,757,566.09
VII. Total comprehensive income	2,016,107,423.26	4,328,687,293.38
Attributable to the shareholders of the Company	1,971,705,235.76	4,286,566,242.33
Attributable to minority shareholders	44,402,187.50	42,121,051.05

VIII. Earnings per share		
(I) Basic earnings per share	0.52	1.29
(II) Diluted earnings per share	0.52	1.28

In case of consolidation of enterprises under common control during current period, the net profit before consolidation realized by consolidated party is RMB 0.00. The net profit realized by the consolidated party in the previous period is RMB 0.00.

Legal representative:

Jiang Bin

Principal in charge of accounting:

Li Yongzhi

Head of the accounting department:

Li Yongzhi

4. Parent Company Income Statement

Unit: RMB

Item	2022	2021
I. Revenue	42,977,392,050.91	38,570,677,177.70
Less: Cost of sales	37,992,035,039.68	33,462,769,638.76
Taxes and surcharges	166,468,610.77	154,866,730.44
Selling expenses	357,947,471.28	366,931,444.56
General and administrative expenses	1,883,669,477.96	1,596,480,325.17
Research and development expenses	2,842,072,542.12	2,398,742,531.34
Financial expenses	-286,250,474.81	194,864,359.66
Including: Interest expenses	244,537,695.61	146,895,744.91
Interest income	119,926,860.39	46,415,186.23
Add: Other income	59,312,468.45	219,224,748.04
Investment income ("-" for loss)	656,680,494.07	197,716,898.27
Including: Investment income from associates and joint ventures	-7,694,836.13	
Profits or losses arising from derecognised financial assets at amortised cost ("-" for loss)		-2,297,194.72
Net exposure hedging income ("-" for loss)		
Gains on changes in fair value ("-" for loss)	81,215,298.02	-12,391,097.59
Credit impairment losses ("-" for loss)	7,287,106.67	-9,464,407.85
Asset impairment losses ("-" for loss)	-1,496,859,325.46	-60,378,317.10
Gains on disposal of assets ("-" for loss)	-3,522,548.55	-19,259,431.72
II. Operating Profit ("-" for loss)	-674,437,122.89	711,470,539.82
Add: Non-operating income	10,715,077.09	14,343,882.35
Less: Non-operating expenses	88,097,731.93	81,884,486.81
III. Total profit ("-" for total losses)	-751,819,777.73	643,929,935.36
Less: Income tax expenses	-393,042,246.95	-114,650,228.04
IV. Net profit ("-" for net loss)	-358,777,530.78	758,580,163.40
(I) Net profit from continuing	-358,777,530.78	758,580,163.40

operations (“-” for net loss)		
(II) Net profit from discontinued operations (“-” for net loss)		
V. Other comprehensive income, net of tax		
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss		
1. Changes in remeasurement of defined benefit plan		
2. Shares of other comprehensive income of the investee accounted for using equity method that will not be subsequently reclassified to profit or loss		
3. Changes in fair value of investments in other equity instruments		
4. Changes in fair value attributable to change in the credit risk of financial liability designated at FVPL		
5. Others		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Shares of other comprehensive income of the investee accounted for using equity method that will be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Shares of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Effective portion of gains or losses on hedging instruments in a cash flow hedge		
6. Translation differences on translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	-358,777,530.78	758,580,163.40
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated statement of cash flows

Unit: RMB

Item	2022	2021
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I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	87,859,623,816.37	79,015,187,941.07
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in borrowings from banks and other financial institutions		
Net increase in borrowing funds from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash received from reinsurance business		
Net increase in deposits and investments from policy holders		
Cash received from for interests, fees and commissions		
Net increase in borrowing funds		
Net increase in repurchase business funds		
Net cash received from securities trading brokerage		
Refund of taxes and surcharges	3,177,120,800.53	2,491,572,718.66
Cash received relating to other operating activities	1,924,041,394.99	4,016,679,085.42
Sub-total of cash inflow from operating activities	92,960,786,011.89	85,523,439,745.15
Cash paid for goods and services	70,912,862,925.28	63,038,774,946.46
Net increase in loans and advances to customers		
Net increase in deposits with central bank and other financial institutions		
Payments of claims for original insurance contracts		
Net increase in lending funds		
Cash paid for interests, fees and commissions		
Cash payments of policy dividend		
Cash paid to and on behalf of employees	9,048,023,602.48	7,719,283,934.60
Payments of taxes and surcharges	835,585,413.96	748,229,544.50
Cash paid relating to other operating activities	3,847,200,705.49	5,418,675,791.71
Sub-total of cash outflow from operating activities	84,643,672,647.21	76,924,964,217.27
Net cash flow from operating activities	8,317,113,364.68	8,598,475,527.88
II. Cash flows from investing activities:		

Cash received from disposal of investments	1,060,923,791.21	3,101,972,150.22
Cash received from returns on investments	9,371,384.39	36,359,530.84
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	49,533,749.98	121,860,250.62
Net cash received from disposal of subsidiaries and other business units	322,965.16	6,872,916.88
Cash received relating to other investing activities	21,653,530.71	9,258,951.92
Sub-total of cash inflow from investing activities	1,141,805,421.45	3,276,323,800.48
Cash paid to acquire fixed assets, intangible assets and other long-term assets	8,090,107,306.38	6,961,607,745.79
Cash paid to acquire investments	2,118,347,402.73	3,083,092,515.56
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid relating to other investing activities	10,363,395.50	
Sub-total of cash outflow from investing activities	10,218,818,104.61	10,044,700,261.35
Net cash flow from investing activities	-9,077,012,683.16	-6,768,376,460.87
III. Cash flows from financing activities		
Cash received from capital contributions	395,195,770.87	2,178,807,429.01
Including: Cash received from capital contributions by minority shareholders of subsidiaries	276,358,071.55	2,178,807,429.01
Cash received from borrowings	28,642,971,147.51	10,317,581,649.46
Cash received relating to other financing activities	2,683,899,988.02	1,507,365,421.50
Sub-total of cash inflow from financing activities	31,722,066,906.40	14,003,754,499.97
Cash repayments of borrowings	25,446,211,817.27	9,404,218,099.41
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	953,234,131.28	674,578,631.48
Including: Cash payments for dividends and profits to minority shareholders of the subsidiaries		5,932,783.34
Cash payments relating to other financing activities	3,314,992,485.44	3,537,780,408.80
Sub-total of cash outflow from financing activities	29,714,438,433.99	13,616,577,139.69
Net cash flow from financing activities	2,007,628,472.41	387,177,360.28

IV. Effect of foreign exchange rate changes on cash and cash equivalents	414,363,412.84	7,432,490.21
V. Net Increase in cash and cash equivalents	1,662,092,566.77	2,224,708,917.50
Add: Cash and cash equivalents at beginning of year	9,137,900,902.04	6,913,191,984.54
VI. Cash and cash equivalents at end of year	10,799,993,468.81	9,137,900,902.04

Legal representative: Jiang Bin

Principal in charge of accounting: Li Yongzhi

Head of the accounting department: Li Yongzhi

6. Parent company cash flow statement

Unit: RMB

Item	2022	2021
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	44,433,843,690.52	41,440,959,868.63
Refund of taxes and surcharges	2,133,662,516.06	1,790,617,461.55
Cash received relating to other operating activities	444,026,016.74	413,354,244.31
Sub-total of cash inflow from operating activities	47,011,532,223.32	43,644,931,574.49
Cash paid for goods and services	35,135,811,819.24	33,515,828,921.22
Cash paid to and on behalf of employees	4,730,047,823.61	4,068,784,659.43
Payments of taxes and surcharges	204,340,880.43	194,091,540.85
Cash paid relating to other operating activities	2,185,115,476.07	1,609,432,568.10
Sub-total of cash outflow from operating activities	42,255,315,999.35	39,388,137,689.60
Net cash flow from operating activities	4,756,216,223.97	4,256,793,884.89
II. Cash flows from investing activities		
Cash received from disposal of investments	292,167,856.22	236,295,118.62
Cash received from returns on investments	650,503,164.62	544,414.32
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,121,526,013.95	323,227,247.63
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	13,607,538,495.79	8,951,126,589.67
Sub-total of cash inflow from investing activities	16,671,735,530.58	9,511,193,370.24
Cash paid to acquire fixed assets, intangible assets and other long-term assets	5,264,058,543.36	4,448,253,564.40
Cash paid to acquire investments	1,586,419,475.27	418,652,038.10
Net cash paid to acquire subsidiaries and		

other business units		
Cash paid relating to other investing activities	17,199,579,824.51	8,806,986,219.18
Sub-total of cash outflow from investing activities	24,050,057,843.14	13,673,891,821.68
Net cash flow from investing activities	-7,378,322,312.56	-4,162,698,451.44
III. Cash flows from financing activities		
Cash received from capital contributions	118,837,699.32	
Cash received from borrowings	24,900,350,751.32	9,085,440,334.00
Cash received relating to other financing activities	9,056,368,411.19	6,191,082,902.13
Sub-total of cash inflow from financing activities	34,075,556,861.83	15,276,523,236.13
Cash repayments of borrowings	22,139,255,620.15	7,202,245,451.93
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	882,706,689.89	618,985,623.65
Cash payments relating to other financing activities	10,020,646,445.56	6,373,227,380.30
Sub-total of cash outflow from financing activities	33,042,608,755.60	14,194,458,455.88
Net cash flow from financing activities	1,032,948,106.23	1,082,064,780.25
IV. Effect of foreign exchange rate changes on cash and cash equivalents	59,283,372.51	-5,853,969.14
V. Net Increase in cash and cash equivalents	-1,529,874,609.85	1,170,306,244.56
Add: Cash and cash equivalents at beginning of year	3,480,290,203.30	2,309,983,958.74
VI. Cash and cash equivalents at end of year	1,950,415,593.45	3,480,290,203.30

7. Consolidated statement of changes in shareholders' equity

Amount of current period

Unit: RMB

Item	2022													Minority interests	Total shareholders' equity
	Shareholders' equity attributable to the Company											Sub-total			
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits		Other		
Preference shares		Perpetual bonds	Other												
I. Balance at December 31, 2021	3,416,321,036.00			9,478,106,194.30	2,291,973,146.75	-100,146,769.57		1,446,536,121.51	6,081,200.00	15,372,823,358.48		27,327,747,993.97	603,640,714.30	27,931,388,708.27	
Add: Changes in accounting policy															
Corrections of errors in previous period															
Business merger under common control															
Others															
II. Balance	3,416,321,036			9,478,106,194.	2,291,973,	-		1,446,536,121	6,081,200.	15,372,823,35		27,327,747,9	603,640,714	27,931,388,70	

at January 1, 2022	.00			30	146.75	100,146,769.57		.51	00	8.48		93.97	.30	8.27
III. Changes in Current Period (“-” for decrease)	4,082,164.00			802,553,056.73		222,524,103.93				1,134,974,880.86		2,164,134,205.52	162,302,040.39	2,326,436,245.91
(I) Total comprehensive income						222,524,103.93				1,749,181,131.83		1,971,705,235.76	44,402,187.50	2,016,107,423.26
(II) Capital invested and reduced by owners	4,082,164.00			858,469,728.22								862,551,892.22	117,995,183.97	980,547,076.19
1. Common shares invested by owners	4,082,164.00			209,719,886.13								213,802,050.13	179,264,458.74	393,066,508.87
2. Capital contributed from other equity instrument holders														
3. Amounts of share-based payments recognized in shareholder s' equity				648,749,842.09								648,749,842.09	10,626,166.45	659,376,008.54
4. Other													-71,895,441.22	-

(or share capital)														
3. Surplus reserve for making up losses														
4. Carry-over undistributed profits from defined benefit plan changes														
5. Carry-over undistributed profits from other comprehensive income														
6. Other														
(V) Specific reserve														
1. Withdrawal in current period							9,450,078.52				9,450,078.52			9,450,078.52
2. Use in current period							-9,450,078.52				-9,450,078.52			-9,450,078.52
(VI) Other				-55,916,671.49						54,204,866.03	-1,711,805.46	-95,331.08		-1,807,136.54
IV. Balance at	3,420,403,200.00			10,280,659,251.03	2,291,973,146.75	122,377,334.36		1,446,536,121.51	6,081,200.00	16,507,798,239.34	29,491,882,199.49	765,942,754.69		30,257,824,954.18

December 31, 2022															
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Amount in previous period

Unit: RMB

Item	2021														
	Shareholders' equity attributable to the Company												Minority interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Other			Sub-total
		Preference shares	Perpetual bonds	Other											
I. Balance at December 31, 2021	3,275,438,427.00			317,690,852.25	3,811,658,791.28	516,007,644.95	112,010,012.52	-	1,370,122,868.85	6,081,200.00	11,500,277,791.35		19,653,252,273.26	80,418,514.83	19,733,670,788.09
Add: Changes in accounting policy															
Corrections of errors in previous period															
Business combination involving enterprises under common control															
Other															

II. Balance at January 1, 2022	3,275,438,427.00		317,690,852.25	3,811,658,791.28	516,007,644.95	112,010,012.52		1,370,122,868.85	6,081,200.00	11,500,277,791.35		19,653,252,273.26	80,418,514.83	19,733,670,788.09
III. Changes in Current Period (“-” for decrease)	140,882,609.00		-317,690,852.25	5,666,447,403.02	1,775,965,501.80	11,863,242.95		76,413,252.66		3,872,545,567.13		7,674,495,720.71	523,222,199.47	8,197,717,920.18
(I) Total comprehensive income						193,810,124.25				4,274,702,999.38		4,468,513,123.63	42,121,051.05	4,510,634,174.68
(II) Capital invested and reduced by owners	140,882,609.00		-317,690,852.25	4,080,674,276.46	1,999,998,595.63							1,903,867,437.58	2,178,807,429.01	4,082,674,866.59
1. Common shares invested by owners	140,882,609.00		-316,184,720.61	3,209,305,793.20	1,999,998,595.63							1,034,005,085.96	2,178,807,429.01	3,212,812,514.97
2. Capital contributed from other equity instrument holders														
3. Amounts of share-based payments recognized in shareholder's equity				871,368,483.26								871,368,483.26		871,368,483.26
4. Other			-									-		-1,506,131.64

				1,506,131.64								1,506,131.64		
(III) Profit distribution								75,858,016.34		-	575,516,354.09	499,658,337.75	-5,932,783.34	505,591,121.09
1. Appropriation of surplus reserve							75,858,016.34			-	75,858,016.34			
2. Appropriation of general risk reserve														
3. Dividends to owners or shareholders										-	499,658,337.75	499,658,337.75	-5,932,783.34	505,591,121.09
4. Other														
(IV) Internal carry-over of shareholders' equity					1,585,773.126.56	-	224,033.093.83	-	181,946,881.30	555,236.32	173,358,921.84	1,801,773.497.25	-	110,000,000.00
1. Capital surplus converted into capital (or share capital)														
2. Surplus														

current period														
(VI) Other														
IV. Balance at December 31, 2022	3,416,321,036.00				9,478,106,194.30	2,291,973,146.75	100,146,769.57	-	1,446,536,121.51	6,081,200.00	15,372,823,358.48	27,327,747,993.97	603,640,714.30	27,931,388,708.27

8. Parent company statement of changes in shareholders' equity

Amount of current period

Unit: RMB

Item	2022											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preference shares	Perpetual bonds	Other								
I. Balance at December 31, 2021	3,416,321,036.00				7,706,634,091.21	2,291,973,146.75			1,446,533,339.11	10,437,290,148.25		20,714,805,467.82
Add: Changes in accounting policy												
Corrections of errors in previous period												
Others												
II. Balance at January 1,	3,416,321,036.00				7,706,634,091.21	2,291,973,146.75			1,446,533,339.11	10,437,290,148.25		20,714,805,467.82

2022												
III. Changes in Current Period (“-” for decrease)	4,082,164.00				714,395,922.84						-1,027,188,647.78	-308,710,560.94
(I) Total comprehensive income											-358,777,530.78	-358,777,530.78
(II) Capital invested and reduced by owners	4,082,164.00				714,395,922.84							718,478,086.84
1. Common shares invested by owners	4,082,164.00				114,831,273.32							118,913,437.32
2. Capital contributed from other equity instrument holders												
3. Amounts of share-based payments recognized in shareholders' equity					599,564,649.52							599,564,649.52
4. Other												
(III) Profit distribution											-668,411,117.00	-668,411,117.00
1. Appropriation of surplus reserve												

reserves											
1. Withdrawal in current period								9,450,078.52			9,450,078.52
2. Use in current period								-9,450,078.52			-9,450,078.52
(VI) Other											
IV. Balance at December 31, 2022	3,420,403,200.00				8,421,030,014.05	2,291,973,146.75			1,446,533,339.11	9,410,101,500.47	20,406,094,906.88

Amount in previous period

Unit: RMB

Item	2021											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preference shares	Perpetual bonds	Other								
I. Balance at December 31, 2021	3,275,438,427.00			317,690,852.25	3,815,383,616.46	516,007,644.95			1,370,120,086.45	10,249,229,212.11		18,511,854,549.32
Add: Changes in accounting policy												
Corrections of errors in previous period												
Others												
II. Balance at January 1,	3,275,438,427.00			317,690,852.25	3,815,383,616.46	516,007,644.95			1,370,120,086.45	10,249,229,212.11		18,511,854,549.32

2022											
III. Changes in Current Period (“-” for decrease)	140,882,609.00		-317,690,852.25	3,891,250,474.75	1,775,965,501.80			76,413,252.66	188,060,936.14		2,202,950,918.50
(I) Total comprehensive income						5,552,363.15			758,580,163.40		764,132,526.55
(II) Capital invested and reduced by owners	140,882,609.00		-317,690,852.25	4,005,283,568.58	1,999,998,595.63						1,828,476,729.70
1. Common shares invested by owners	140,882,609.00		-316,184,720.61	3,209,305,793.20	1,999,998,595.63						1,034,005,085.96
2. Capital contributed from other equity instrument holders											
3. Amounts of share-based payments recognized in shareholders' equity				795,977,775.38							795,977,775.38
4. Other			-1,506,131.64								-1,506,131.64
(III) Profit distribution								75,858,016.34	-575,516,354.09		-499,658,337.75
1. Appropriation of surplus reserve								75,858,016.34	-75,858,016.34		

2. Dividends to owners or shareholders										-499,658,337.75		-499,658,337.75
3. Other												
(IV) Internal carry-over of shareholders' equity					-114,033,093.83	-224,033,093.83	-5,552,363.15		555,236.32	4,997,126.83		110,000,000.00
1. Capital surplus converted into capital (or share capital)												
2. Surplus reserve converted into capital (or share capital)												
3. Surplus reserve for making up losses												
4. Carry-over undistributed profits from defined benefit plan changes												
5. Carry-over undistributed profits from other comprehensive income							-5,552,363.15		555,236.32	4,997,126.83		
6. Other					-114,033,093.83	-224,033,093.83						110,000,000.00
(V) Specific												

reserves											
1. Withdrawal in current period											
2. Use in current period											
(VI) Other											
IV. Balance at December 31, 2022	3,416,321,036.00				7,706,634,091.21	2,291,973,146.75			1,446,533,339.11	10,437,290,148.25	20,714,805,467.82

III. Company Profile

Goertek Inc. (hereinafter referred to as "the Company" or "Goertek") was established on July 27, 2007, through an overall change of Weifang IEA Electro-Acoustic Co., Ltd. (hereinafter referred to as "IEA").

IEA, the predecessor of the Company, was a joint venture established by law on June 25, 2001. In May 2007, the Company was changed to a domestic enterprise with the approval of the document of Wei Wai Jing Mao Wai Zi (2007) No. 172.

Based on the resolution of the 2nd extraordinary shareholders' meeting of IEA in 2007, held on June 26, 2007, Weifang Yitonggong Electronics Co., Ltd (the name of the Company was changed to "Goertek Group Co., Ltd." in October 2016, hereinafter referred to as "Goertek group") transferred its 29.40 million shares in IEA to 17 natural persons including Jiang Bin and Jiang Long, Langfang Development Zone Yongzhen Electronic Technology Co., Ltd. (hereinafter referred to as "Yongzheng Electronic") and Beijing Yirun Venture Capital Investment Co., Ltd (hereinafter referred to as "Yirun VCI").

On July 18, 2007, Goertek Group, Yongzhen Electronic, Yirun VCI and the 17 persons including Jiang Bin and Jiang Long jointly entered into an initiator agreement, changing IEA as a whole to Goertek Acoustic Inc. in the form of initiation, in which the net assets of IEA, audited on June 30, 2007, were taken as the capital contribution upon stock discount at a ratio of approximately 1:0.8

As approved by the document of China Securities Regulatory Commission [2008] No. 613, the principal undertaker CITIC Securities Co., Ltd. issued 30 million common shares (Class A shares) through offline inquiry and placement in combination with online subscription, pricing, and issue, at the price of RMB 18.78 per share. The raised funds mentioned above were verified by Bandung Certified Public Accountants Co., Ltd. which issued the capital verification report (Wan Kuai Ye Zi [2008] No. 19). The stocks of the Company were listed and traded at Shenzhen Stock Exchange on May 22, 2008. The Company changed its registered capital to RMB 120 million and completed the industrial and commercial change registration on July 22, 2008.

As reviewed and approved at the annual general meeting of shareholders of the Company of 2008, held on April 17, 2009, the total share capital of the Company, namely 120 million shares as of December 31, 2008, was taken as the basis to convert capital surplus to share capital. 10 bonus shares for every 10 shares were converted to all shareholders, with a total of 120 million shares converted. Thus, the total share capital of the Company was changed to 240 million shares. The above change in the registered capital has been verified by Bandung Asia Certified Public Accountants Co., Ltd. which has issued the capital verification report (Wan Ya Kuai Ye Zi (2009) No. 2427), and the industrial and commercial change registration was completed on July 20, 2009.

As reviewed and approved at the annual general meeting of shareholders of the Company of 2009, held on February 26, 2010, the total share capital of the Company, namely 240 million shares as of December 31, 2009, was taken as the basis to convert capital surplus to share capital. 5 bonus shares for every 10 shares were converted to all shareholders, and a total of 120 million bonus shares were converted. Thus, the total share capital of the Company was changed to 360 million shares. The above change in the registered capital has been verified by Crowe Horwath Certified Public Accountants Co., Ltd. which has issued the capital verification report (Hao Hua Yan Zi [2020] NO. 20). The industrial and commercial change registration was completed on March 30, 2010.

As approved by the China Securities Regulatory Commission in its Reply on Approving Non-public Issuing of Stocks by Goertek Acoustic Inc. (Zheng Jian Xu Ke [2010] No. 1255), on September 29, 2010, the Company had the principal underwriter CITIC Securities Co., Ltd. to issue 15.791275 million (Class A shares) to 5 specific objects through private issuing at the price of RMB 33.01 per share. The net amount of actual raised funds was RMB 506.21998775 million. The raised funds above have been verified by Crowe Horwath Certified Public Accountants Co., Ltd. which has issued the capital verification report (Hao Hua Yan Zi [2010] No. 90). The Company changed its registered capital to RMB 375.791275 million and completed the industrial and commercial change registration on December 13, 2010.

As reviewed and approved at the annual general meeting of shareholders of the Company of 2010, held on May 25, 2011, the total share capital of the Company, namely 375.791275 million shares as of December 31, 2010, was taken as the basis to convert capital surplus to share capital. 10 bonus shares for every 10 shares were converted to all shareholders, and a total of 375.791275 million bonus shares were converted. Upon such conversion, the total share capital of the Company was changed to 751.582550 million shares. The above change in registered capital has been verified by Crowe Horwath Certified Public Accountants Co., Ltd. which has issued the capital verification report (Guo Hao Yan Zi [2011] No. 49), and the industrial and commercial change registration was completed on June 24, 2011.

As approved by the China Securities Regulatory Commission in its Reply on Approving Non-public Issuing of Stocks by Goertek Acoustic Inc. (Zheng Jian Xu Ke [2012] No. 108), GF Securities Co., Ltd. issued 96.434183 million shares (Class A shares) in RMB to 10 specific objects through private issuing at the price of RMB 24.69 per share, and the net amount of the actually raised funds was RMB 2,320.77885875 million. The raised funds mentioned above have been verified by Crowe Horwath Certified Public Accounts Co., Ltd. (special general partnership) which has issued the capital verification report (Guo Hao Yan Zi [2012] No. 408A14). The

Company changed its registered capital to RMB 848,016,733 and completed the industrial and commercial change registration on May 7, 2012.

As reviewed and approved at the Company's general meeting of shareholders of 2012 held on May 9, 2013, the Company's total share capital of 848,016,733 shares as of December 31, 2012, was taken as the basis for distributing cash dividends of RMB 1.5 (tax inclusive) for every 10 shares to all the shareholders, with cash dividends of RMB 127,202,509.95 in total. The Company also converted capital surplus to share capital, and 8 bonus shares for every 10 shares were converted to all shareholders, with a total of 678,413,386 shares converted. Upon such conversion, the total share capital of the Company was changed to 1,526,430,119 shares. The above change in the registered capital has been verified by Crowe Horwath Certified Public Accountants Co., Ltd. (special general partnership) which has issued the capital verification report (Guo Hao Yan Zi [2013] No. 408A0001). The industrial and commercial change registration was completed on June 19, 2013.

On June 2, 2016, the name of Goertek Acoustic Inc. was changed to Goertek Inc. As the holder of the convertible bonds of the Company requested conversion of shares, the registered capital of the Company was changed to RMB 1,526,581,348. The scope of business was changed to development, manufacturing and sales of: Acoustic, optical and wireless communication technologies and related products, robots and automation equipment, intelligent electromechanical and information products, precision molds for electronic products, precision hardware, semiconductor products and MEMS products, consumer electronics, LED package and relevant application products; Development and sales of the software related to the above products; Services related to the above technologies and products; Import and export of goods and technologies (excluding radio transmission and satellite receiving equipment, except for the items prohibited by the national laws and regulations). (For the items requiring approval by law, business activities may only be conducted in respect thereof upon approval of relevant department)

As reviewed and approved at the Company's annual general meeting of shareholders of 2016, held on April 14, 2017, the Company's total share capital of 1,538,642,707 shares as of April 27, 2017, on which the profit distribution equity of the Company was registered, was taken as the basis for the distribution of cash dividends RMB 1.5 (tax inclusive) for every 10 shares to all the shareholders, with a total of RMB 230,796,406.05 distributed. 10 shares per every 10 shares were converted to all shareholders as well.

According to the Proposal on Redemption of "Goertek Convertible Bonds" reviewed and approved at the 8th meeting of the 4th Board of Directors held by the Company on May 23, 2017, it was resolved to exercise the conditional redemption right of "Goertek Convertible Bonds" to redeem all the unconverted "Goertek Convertible Bonds" at the price of the par value of the bonds plus the accrued interest for current period. "Goertek Convertible Bonds" was no longer traded and converted from June 30, 2017. After the above change, the Company changed its registered capital to RMB 3,245,103,948, and completed the industrial and commercial change registration on November 3, 2017.

According to the Proposal on Early Redemption of "Goertek Convertible Bonds No. 2" reviewed and approved at the 13th meeting of the 5th Board of Directors and the 11th meeting of the 5th Board of Supervisors held by the Company on January 15, 2021, it was resolved to exercise the conditional redemption right of "Goertek Convertible Bonds No. 2" to redeem all the "Goertek Convertible Bonds No. 2", at the price of the par value of the bonds plus the accrued interest for the current period. As of March 3, 2021, "Goertek Convertible Bonds No. 2" was no longer traded and converted. After the above change, the Company changed its registered capital to RMB 3,416,321,036, and completed the industrial and commercial change registration on June 22, 2021.

The Company's initial grant of certain stock options under the 2021 Stock Option Incentive Plan entered its first exercise period on June 24, 2022. Due to employees' exercise of the right, the Company issued 4,082,164 Class A Shares to the incentive targets. The share capital of the Company has been changed to RMB 3,420,403,200.

The registered address of the Company headquarters: 268 Dongfang Road, Weifang Hi-Tech Industrial Development Zone.

The Company and its subsidiaries (collectively, "the Group") are mainly engaged in the business of electronic components. The main business of the Group is categorized into the industry of the manufacturing of computer, communication, and other electronic equipment. The Company's main products include acoustics, optics, microelectronics, structural components and other precision components, as well as smart hardware products such as TWS smart earphones, virtual reality (VR)/augmented reality (AR) products, smart wearable devices, gaming console and accessories, and smart home products.

These financial statements have been approved by the Board of directors of the Company on April 17, 2023.

As of December 31, 2022, the Group has included a total of 57 subsidiaries into its scope of consolidation, and for details, please refer to Note IX "Equity in Other Entities". In terms of consolidated scope, the Group in the current period gained 8 subsidiaries and disposed of 2 subsidiaries compared with the previous year. For details, please refer to Note VIII "Changes in the Scope of Consolidation".

IV. Basis for Preparing the Financial Statement

1. Basis for the preparation

The Group has prepared the financial statements on a going concern basis, based on the actual transactions and matters in accordance with The Accounting Standards for Business Enterprises - Basic Standards (issued by Order No. 33 of the Ministry of Finance and amended by Order No. 76 of the Ministry of Finance) issued by the Ministry of Finance, 42 specific accounting standards, application guidelines of accounting standards for business enterprises, explanations on the accounting standards for business enterprises and other related regulations (hereinafter collectively referred to as "Accounting Standards for Business Enterprises") issued and amended on or after 15 February, 2006, and Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports (2014 Revision) issued by CSRC.

According to relevant provisions in the Accounting Standards for Business Enterprises, the accounting calculation of the Group was on the accrual basis. The value of non-current assets held for sale shall be lesser of non-current assets held for sale less the sales cost at fair value, or the original book value at the time when the hold-for-sale conditions were met. In case of asset impairment, the appropriate impairment provision shall be accrued according to relevant regulations.

2. Continue as a going concern

The Company evaluated its ability to continue as a going concern for 12 months after the end of the current reporting period, without matters or circumstances causing significant doubt over the ability to continue as a going concern. Therefore, these financial statements were prepared on a going concern basis.

V. Significant Accounting Policies and Accounting Estimates

Notes to specific accounting policies and accounting estimates:

The Group has formulated several specific accounting policies and accounting estimates in respect of the revenue recognition, research and development costs and other transactions and matters, according to the provisions of relevant Accounting Standards for Business Enterprises on the basis of the actual production and operation characteristics. For details, please refer to the descriptions in "32. Revenue" and "24(2). Accounting policy for internal research and development costs" of Note V. For explanation on the major accounting judgments and estimates made by the management, please refer to "37. Other important accounting policies and accounting policies and estimates" of Note V.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements have been prepared by the Group in compliance with the requirements of the Accounting Standards for Business Enterprises, and give a true and complete view of the financial status of the Company and the Group as at December 31, 2022, as well as the business performance, and cash flows and other relevant information for the year 2022. In addition, the financial statements of the Company and the Group comply in all material aspects with the requirements concerning disclosure of the financial statements and the notes specified in Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports (2014 Revision) by CSRC.

2. Accounting period

The accounting period of the Group is divided by annual accounting period and interim accounting period. Interim accounting period means a reporting period that is shorter than a complete accounting year. The Company adopts the calendar year as its accounting year, namely January 1 to December 31 of each year.

3. Business cycle

The normal business cycle means the period from the Group's purchase of the assets for processing to realization of cash or cash equivalents. The Group takes 12 months as a business cycle and adopts the business cycle as liquidity classification standard for assets and liabilities.

4. Functional currency

RMB is the currency in the main economic environment in which the Company and its domestic subsidiaries are operated, and the Company and its domestic subsidiaries take RMB as the functional currency. Goertek (HongKong) Co., Limited, Goertek Technology (Hong Kong) Co., Limited, Goertek Microelectronics (Hong Kong) Co., Ltd., OPTIMAS CAPITAL PARTNERS FUND LP and Goertek Microelectronics Holdings Co., Ltd. take USD as their functional currency, and all other overseas subsidiaries of the Company take the lawful currency of the country or region where their registered addresses are located as their functional currency. The currency adopted by the Group in preparing these financial statements is RMB.

5. Accounting treatments for business consolidation of enterprises under and not under common control

Business consolidation means the transaction or matter in which two or more separate enterprises are consolidated into one reporting entity. Business consolidation is divided into business consolidation of enterprises under common control and business consolidation of enterprises not under common control.

(1) Business consolidation of enterprises under common control

Business consolidation of enterprises under common control is the consolidation in which enterprises consolidated are controlled by the same party or parties before and after the consolidation, and such control is not temporary. In the business consolidation of enterprises under common control, the party which acquires the control of other enterprises in the business consolidation is the consolidating party and the other enterprises in the business consolidation are the consolidated parties. Business consolidation date is the date on which the consolidating party actually acquires the control of the consolidated parties.

The assets and liabilities acquired by the consolidating party are measured on the basis of book value of consolidated parties on business consolidation date. The difference between the book value of the net assets acquired by the consolidating party and the book value of the consideration paid for the consolidation (or total par value of the shares issued) is adjusted to capital surplus (share capital premiums). Adjustments shall be made to undistributed profits in the event that the capital surplus (share capital premiums) are not sufficient for write-down.

Any direct costs incurred by the consolidating party as a result of the business consolidation are recognized in the profit or loss for current period when incurred.

(2) Business consolidation of enterprises not under common control

Business consolidation of enterprises not under common control is the consolidation in which the enterprises consolidated are not controlled by the same party or parties before and after the business consolidation. In the business consolidation of enterprises not under common control, the party which acquires the control of other enterprises in the business consolidation on the acquisition date is the consolidating party and the other enterprises in the business consolidation are the acquired parties. Acquisition date is the date on which the acquiring party actually acquires the control of the acquired parties.

In the business consolidation of enterprises not under common control, the cost of consolidation includes the fair value of assets paid, liabilities incurred or assumed and equity securities issued by the acquiring party in exchange for the control of the acquired parties on the acquisition date, the audit, legal service, assessment, consulting and other intermediate fees incurred for business consolidation of enterprises, and other management fees, which are recognized in the profit or loss for the current period when incurred. The costs of the acquiring party for issuing equity or debt securities as part of the business consideration for the business consolidation are included in the initially recognized amount of these equity or debt securities. The contingent business consideration shall be included in the consolidation cost at its fair value on the acquisition date, and the goodwill shall be adjusted and combined accordingly if the contingent consideration needs to be adjusted when new or further evidences arise in connection with the circumstances existing on the acquisition date within 12 months after the acquisition date. The acquisition cost incurred by the acquiring party and the identifiable net assets acquired in the business consolidation shall be measured at the fair value on the acquisition date. If the consolidation cost is higher than the fair value of the identifiable net assets acquired from the acquired parties on the acquisition date, the difference thereof shall be recognized as the goodwill. If the consolidation cost is lower than the fair value of the identifiable net assets acquired from the acquired parties in the business consolidation, the fair value of the identifiable assets, liabilities and contingent liabilities as well as the measurement of the consolidation cost shall be first reviewed. If upon review, the consolidation cost is still lower than the fair value of the identifiable net assets acquired from the acquired parties in the business consolidation, such difference shall be recognized in the profit or loss for current period.

If the deductible temporary difference acquired by the acquiring party from the acquired parties is not recognized for failure to meet the conditions for recognition of the deferred tax assets on the acquisition date, and if new or further information is obtained within 12 months after the acquisition date, showing that relevant circumstances on the acquisition date have already existed and it is expected that the economic benefits brought about by the deductible temporary difference of the acquiring party on the acquisition date may be

realized, relevant deferred tax assets shall be recognized and the goodwill shall be reduced. If the goodwill is insufficient for write-down, the difference will be recognized in the profit or loss for current period. In addition to the above condition, the deferred tax assets recognized in connection with the consolidation of enterprises shall be recognized in the profit or loss for current period.

If the business consolidation of enterprises not under common control is realized step by step through multiple transactions, whether such transactions fall within a "package deal" shall be judged according to the standards for judgment of "package deal" in the Notice by the Ministry of Finance of Issuing the Interpretation No. 5 of the Accounting Standards for Business Enterprises (Finance and Accounting [2012] No. 19) and Article 51 of the Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements (see 6(2) of Note V). If they fall within "package deal", see the description in the previous paragraphs of this part and "18. Long-term equity investments" of Note V for accounting treatment. If they do not fall within "package deal", relevant accounting treatment shall be distinguished for individual financial statements and consolidated financial statements:

In the individual financial statements, the sum of the book value of the equity investment of the acquired parties held before the acquisition date and the increased investment cost on the acquisition date shall be taken as the initial investment cost of such investment. If other comprehensive income is involved in the equity of the acquired parties held before the acquisition date, the accounting treatment of other comprehensive incomes while disposing such investment, shall be conducted on the same basis as the direct disposal of related assets or liabilities by the acquired parties.

In the consolidated financial statements, the equity of the acquired parties held before the acquisition date shall be remeasured at the fair value of such equity on the acquisition date, and the difference between the fair value and its book value shall be recognized in investment income in current period. If other comprehensive income is involved in the equity of the acquired parties held before the acquisition date, the accounting treatment of other comprehensive incomes related, shall be conducted on the same basis as the direct disposal of related assets or liabilities by the acquired parties.

6. Method for Preparing the Consolidated Financial Statement

(1) Principles for determination of the scope of consolidated financial statements

The scope of the consolidation of consolidated financial statements shall be determined on the basis of control. Control means that the Group enjoys variable returns through its power in the invested parties and its participation in relevant activities of the invested parties, and is able to influence the amount of such returns by applying its power in the invested parties. The Company and all its subsidiaries are included in the scope of consolidation. Subsidiary means the entity controlled by the Group.

The Group shall launch re-assessment, if the changes in relevant facts and circumstances that lead to changes in relevant elements of the above control definition occur.

(2) Method for preparing the consolidated financial statements

The Company shall include the subsidiaries into the scope of consolidation from the date when it obtains the net assets and actual control over the production and operation decisions of the subsidiaries. It shall cease to do so as of the date when the actual control is lost. For the disposal subsidiaries, the business performance and cash flows prior to the disposal date have been appropriately included in the consolidated income statement and consolidated statement of cash flows. The opening balance of the consolidated balance sheets shall not be adjusted for the subsidiaries disposed in current period. For the subsidiaries added through the consolidation of enterprises not under common control, the business performance and cash flows have been appropriately included in the consolidated income statement and consolidated cash flow statement after acquisition date. The opening balance and comparative figures of consolidated financial statements shall not be adjusted. For the subsidiaries added during consolidation of enterprises under common control and the subsidiaries under absorption consolidation, the business performance and cash flows, from the beginning of current period to consolidation date, have been appropriately included in consolidated income statement and consolidated cash flow statement. The comparison figures in the consolidated financial statements shall be adjusted at the same time.

In preparing the consolidated financial statements, if the accounting policies or accounting periods of the subsidiaries are different from those of the Company, the financial statements of the subsidiaries shall be adjusted based on the accounting policies and accounting periods of the Company. The individual financial statements of the subsidiaries acquired from consolidation of enterprises not under common control are adjusted based on the fair value of the identifiable net assets on the acquisition date.

All the material account balances, transactions and unrealized profits within the Group shall be offset during preparation of the consolidated financial statements.

The shareholders' equity and current net profits or losses of the subsidiaries which are not owned by the Company shall be separately listed under the shareholders' equity and net profit in the consolidated financial statements as minority interest and minority interests. These current profits or losses of the subsidiaries which are attributable to the minority interest shall be presented as "minority interests" under the net profit of the consolidated financial statements. If the losses of the subsidiaries attributed to the minority shareholders are

more than the shareholders' equity owned by the minority shareholders in such subsidiaries at the beginning of the period, the minority interests shall be offset.

If the control of the previous subsidiaries is lost due to disposal of some equity investments or for any other reasons, the remaining equity shall be re-measured at fair value on the date when control is lost. The difference between the sum of consideration received from disposal of equity and the fair value of the remaining equity, and the Company's share of the previous subsidiaries' net assets calculated at the previous shareholding proportion from the acquisition date, shall be recognized in investment income in the period when control is lost. Other comprehensive income related to the equity investment of the previous subsidiaries shall be conducted on the same basis as the direct disposal of related assets or liabilities by the acquired parties when the control is lost (Except for the change caused by the re-measurement of net liabilities or net assets of the defined benefit plan in the previous subsidiary, the remaining part shall be converted into investment income for current period). Thereafter, such remaining equity shall be subject to subsequent measurement according to the Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments or Accounting Standards for Business Enterprises No. 22 - Confirmation and Measurement of Financial Instruments and other relevant regulations. For details, please refer to "18. Long-term equity investments" of Note V or "9. Financial instruments" of Note V.

If the Group disposes of the equity investment of the subsidiaries step by step through multiple transactions until it loses the control thereof, it is necessary to determine whether such transactions fall within "a package deal". The multiple transactions shall be taken as "package deal" for accounting treatment, if the terms, conditions and economic impacts of the transactions undertaken to dispose the equity investment of the subsidiaries meet one or more of the following conditions: ① these transactions are entered into at the same time or with their impacts on each other considered; ② a complete business result may be achieved only when these transactions when taken as a whole; ③ one transaction depends on at least one of the other transactions; ④ one transaction is not economical on its own, but it is economical when considered together with other transactions. If they do not fall within "package deal", each of them shall be subject to accounting treatment according to the principles applicable to "Partial disposal of the long-term equity investments in the subsidiaries without losing control" (for details, please refer to (2) ④ of 18 of Note V) and "Loss of control of the previous subsidiaries due to disposal of some equity investments or for any other reasons", as appropriate. If the transactions taken to dispose of the equity investment in the subsidiaries until loss of control are recognized as "package deal", these transactions shall be subject to accounting treatment as one transaction in which the subsidiaries are disposed and the control is lost. However, the difference between the price for each disposal before the control is lost and share of such subsidiaries' net assets as a result of disposal of investment, shall be recognized in other comprehensive income in the consolidated financial statements, and be included in profit or loss for the period when the control is lost.

7. Criteria for determining cash and cash equivalents

Cash and cash equivalents of the Group include cash on hand, deposits available at any time for payment, and short-term (generally due within three months from the date of purchase) and highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

8. Foreign currency business and foreign currency statement translation

(1) Conversion method of foreign currency transaction

A foreign currency transaction of the Group is translated into the functional currency at initial recognition, using the spot exchange rate prevailing at the date of the transaction (it means, in most cases, the central parity of the foreign exchange rate announced by the People's Bank of China on that day; the same hereinafter). However, a foreign currency exchange transaction or other foreign currency exchange involved transaction of the Group is translated into the functional currency using the actual exchange rate.

(2) Translation method of monetary items denominated in foreign currencies and non-monetary items denominated in foreign currencies

The foreign currency monetary items on the balance sheet date are translated at the spot exchange rate on the balance sheet date, and the exchange differences arising therefrom are included in the current profits and losses, except for the exchange difference of the principal and interest of foreign currency special loans related to the acquisition and construction of assets eligible for capitalization.

Non-monetary items denominated in foreign currency that are measured at historical cost shall still be valued in the functional currency and converted at the spot exchange rate as of the transaction date. Non-monetary items denominated in foreign currency that are measured at fair value are converted by using the exchange rate at the date when fair value is determined and the difference between the converted functional currency amount and the prior amount in functional currency is recorded as profit or loss arising from a change in fair value (including exchange rate change) for the current period or other comprehensive income.

(3) Translation method of foreign currency financial statements

The foreign currency financial statements of overseas operations shall be converted into Chinese currency statements in accordance with the following methods: The assets and liabilities items in the balance sheet are translated at the spot exchange rate on the balance sheet date; except for "undistributed profits", other items of shareholder's equity are converted at the spot exchange rate at the time of occurrence. Revenues and expenses in the profit statement are translated using the average exchange rates prevailing in the period of the transactions. Undistributed profits in the beginning of the year are the undistributed profits at the end of the prior year as translated; undistributed profits at the end of the period are calculated and presented according to the translated profit distributions; exchange differences from translation between translated assets and translated liabilities and equities are recognized in other comprehensive income as exchange differences from translation. When the Group disposes of, and loses the control over, an overseas operation, exchange differences from translation which are presented in "equity" of the balance sheet and related to the overseas operation are, all or based on the disposal proportion, transferred to the profit or loss of the period of disposal.

Cash flows denominated in foreign currencies and cash flows of overseas subsidiaries are translated using the average exchange rates prevailing in the period of the cash flows. Any impact of exchange rate changes on cash is presented as a separate adjusting item in the cash flow statement.

The amount in the beginning of the year and the actual amount of the prior year are presented as translated amounts based on the prior year's financial statements.

When all the equities of the Group in an overseas operation are disposed, or the control over an overseas operation is lost for a disposal of partial equity investments or any other reason, exchange differences which are presented in "shareholder's equity/owner's equity" of the balance sheet, related to the overseas operation and attributable to the parent company are all transferred to the profit or loss of the period of disposal.

If the proportion of equities in an overseas operation declines (but the control over that overseas operation is not lost) for a disposal of partial equity investments or any other reason, exchange differences which are related to that partial disposal are attributed to minority interest and not transferred to the profit or loss of the period of disposal. When the disposal of overseas operation involves a part of the equities in an associate or joint venture, exchange differences from translation which are related to the overseas operation are, based on the disposal proportion, transferred to the profit or loss of the period of disposal.

For any monetary item denominated in a foreign currency which is substantially net investment in an overseas operation, in the consolidated financial statements, exchange differences from the exchange rate changes are recognized in other comprehensive income as "exchange differences from translation", and when the overseas operation is disposed, are transferred to the profit or loss of the period of disposal.

9. Financial instruments

A financial asset or financial liability shall be recognized when the Group becomes a party to a financial instrument contract.

(1) Classification, recognition and measurement of financial assets

Pursuant to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified by the Group into financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss.

Financial assets, when initially recognized, shall be measured at fair value. For the financial assets measured at fair value through profit and loss, the related transaction costs shall be included directly into current profits and losses. For the financial assets or financial liabilities of other categories, the related transaction costs shall be included in the initially recognized amount. For the accounts receivable or notes receivable arising from the sale of products or the provision of labor services, which do not include or consider major financing components, the amount of consideration that the Group is expected to be entitled to is taken as the initially recognized amount.

① Financial assets measured at amortized cost

The Group's business model for managing financial assets is aimed to collect contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement, i.e., the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. For such financial assets, the Group shall perform subsequent measurements at the amortized cost by effective interest method. The gains or losses arising from amortization or impairment shall be included in current profits and losses.

② Financial assets at fair value through other comprehensive income

The Group's business model for managing this type of financial assets aims both to collect the contractual cash flow and to sell it, and the characteristics of contractual cash flow of this type of financial assets shall be consistent with the basic lending arrangement. The Group measures these financial assets at fair value and the changes thereof shall be included in other comprehensive income, but the

impairment losses or gains, exchange gains and losses and interest income calculated by the effective interest method shall be included in current profits and losses.

Apart from that, the Group shall designate some investments in non-trading equity instruments as financial assets measured at fair value and the changes thereof shall be included in other comprehensive income. The Group will include the relevant dividend income of this type of financial assets into current profits and losses, and the changes in fair value into other comprehensive income. Upon the termination of recognition of financial assets, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and transferred to the undistributed profits, other than being included in current profits and losses.

③ Financial assets at fair value through profit or loss

The financial assets except those classified into financial assets measured at amortized cost and financial assets at fair value through other comprehensive income as mentioned above, are classified by the Group into those measured at fair value through profit and loss. In addition, at initial recognition, part of the financial assets can be recognized by the Group as financial assets measured at fair value through profit and loss, to eliminate or significantly reduce accounting mismatch. The financial assets are subsequently measured by the Group at fair value, and changes in fair value are included in current profits and losses.

(2) Classification, recognition and measurement of financial liabilities

At initial recognition, financial liabilities are classified into financial liabilities at fair value through profit and loss, and other financial liabilities. For the financial liabilities at fair value through profit and loss, the related transaction costs shall be included directly in current profits and losses. For other financial liabilities, the related transaction costs shall be included in the initially recognized amount.

① Financial liabilities at fair value through profit and loss

The financial liabilities at fair value through profit and loss shall include financial liabilities held for trading (including derivatives falling into the category of financial liabilities) and financial liabilities designated as those measured at fair value through profit or loss at initial recognition.

Financial liabilities held for trading (including derivatives falling into the category of financial liabilities) shall be subsequently measured at fair value. Except for hedging accounting, changes in fair value shall be included in current profits and losses.

The amount of change in the fair value of a financial liability which is designated as those measured at fair value through profit or loss due to change in the Group's own credit risks shall be included in other comprehensive income. Upon the termination of recognition of such liability, the accumulative change in its fair value caused by the change of its own credit risk included in other comprehensive income is transferred to undistributed profits. The changes in its fair value shall be recorded in current gains and losses. If the treatment of the impact on the credit risk change of the financial liabilities in the above manner will cause or expand the accounting mismatch in the profit and loss, the Group will recognize all the gains or losses (including the changes in the Group's own credit risks) of the financial liabilities into current profits and losses.

② Other financial liabilities

Other financial liabilities except those caused by the transfer of financial assets that do not conform to the conditions for derecognition or continue to relate to the transferred financial assets and financial guarantee contracts shall be classified as financial liabilities measured at amortized cost, which shall be subsequently measured at amortized cost, and the gains or losses arising from derecognition or amortization shall be included in current profits and losses.

(3) Principle of recognition and measurement method of financial asset transfer

The financial asset shall be de-recognized if: ① The contractual right to receive cash flows of the financial asset is terminated; ② The financial asset has been transferred and almost all risks and rewards in the ownership of the financial asset have been transferred to the transferee; or ③ The financial asset has been transferred and the enterprise has neither transferred nor retained almost all risks and rewards in the ownership of the financial asset, but has waived its control over the financial asset.

If the enterprise does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset and if the enterprise does not waive its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the relevant financial asset and recognize the relevant liabilities accordingly. The extent of involvement in the financial asset transferred, refers to the company's exposure to changes in the value of the financial assets.

If the overall transfer of a financial asset meets the conditions for de-recognition, the difference between the carrying value of the transferred financial asset and the sum of the transfer consideration received and the change in fair value originally recognized in other comprehensive income will be recognized in current profits and losses.

If the partial transfer of financial assets meets the conditions for derecognition, the carrying value of the transferred financial assets is apportioned between the derecognized part and the non-derecognized part according to their respective relative fair values, and the

difference between the sum of the transfer consideration received and the change in fair value originally recognized in other comprehensive income and apportioned to the de-recognition component and the aforesaid attributed carrying value will be recognized in current profits and losses.

If a financial asset is sold with the right of recourse or an endorsement, the Group needs to determine whether almost all the risks and rewards related to the ownership of the financial asset have been transferred. If all the risks and rewards related to the ownership of the financial asset have been transferred to the transferee, the Group shall de-recognize the financial asset; If all the risks and rewards related to the ownership of the financial asset have been retained, the Group shall not de-recognize the financial asset. If none of the risks and rewards related to the ownership of the financial asset has been transferred or retained, the Group shall continue to determine whether it retains the control over the asset, and the accounting standard stated in the aforesaid paragraphs shall apply.

(4) Derecognition of financial liabilities

When the current obligations of a financial liability (or part of it) have been discharged, the financial liability (or that part of the financial liability) shall be de-recognized by the Group accordingly. When the Group (borrower) signs an agreement with a lender to replace a financial liability with a new one, in case of substantially different terms of contract between the new one and the original one, the Group shall derecognize the original one and recognize the new one. If a substantial modification is made to all (or part of) the original financial liabilities by the Group, the original financial liabilities shall be de-recognized, and at the same time, a new financial liability shall be recognized in accordance with the modified terms.

If all (or a part of) the financial liability is de-recognized, the difference between the carrying value allocated to the derecognized part and the consideration paid (including the transferred non-cash assets or the liabilities assumed) is included in current profits and losses by the Group.

(5) Offset of financial assets and financial liabilities

When the Group has the legal right to offset the recognized financial assets and financial liabilities, which is enforceable for the time being, and the Group plans to settle on a netting basis or capitalize financial assets and serve financial liabilities, any net amount from netting of financial assets and financial liabilities shall be included in the balance sheet. Otherwise financial assets and financial liabilities shall be included separately in the balance sheet and shall not offset each other.

(6) Method of determining the fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive by selling an asset or need to pay by transferring a liability in the orderly transactions on the measurement date. The fair value of a financial instrument in an active market is determined by the Group at the price quoted in the active market. The quotation in an active market refers to the price that is easily acquired from exchanges, brokers, industry associations, pricing service agencies, and the like on a regular basis and represents the actual market transactions in fair trade. If there is no financial instrument in an active market, its fair value shall be determined by the Group via valuation techniques. Valuation techniques include looking into the prices used in recent market transactions by parties who refer to familiar situations and trade voluntarily and the current fair value of other financial instruments which are essentially the same, as well as using the discounted cash flow method, the option pricing model and the like. During valuation, the Group shall adopt the valuation techniques applicable under the current circumstances and supported by sufficient available data and other information, select the input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions of related assets or liabilities, and give priority to the relevant observable input values as much as possible. The unobservable input values are used only when the relevant input values are unavailable or impracticable.

(7) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's issuance (including refinancing), repurchase, sales or cancellation of an equity instrument shall be accounted for as a change to equity. Transaction costs of an equity transaction are accounted for as a deduction from equity. The Group does not recognize changes in the fair value of equity instruments.

If the Group's equity instruments distribute dividends (covering "interest" incurred by instruments classified as equity instruments) during the existence thereof, the dividends shall be treated as profit distribution.

10. Impairment of financial assets

The financial assets for which the Group needs to recognize the impairment losses are financial assets measured at amortized cost, which mainly include notes receivable, accounts receivable, other receivables, contract assets, and so on.

(1) Method for recognizing provision for impairment

Based on the expected credit loss, the Group shall make provision for impairment of the aforementioned items by its applicable measurement method (general method or simplified method) of expected credit loss and recognize the credit impairment losses.

Credit loss means the difference between all contractual cash flows receivable by the Group in accordance with the contract and all cash flows expected to be received, discounted at the original actual interest rate, i.e., the present value of all cash shortages. Purchased or originated credit-impaired financial assets shall be discounted by the Group according to credit-adjusted effective interest rate adjusted by credit of such financial assets.

According to the general methods to measure expected credit losses, the Group evaluates whether the credit risk of the financial assets (including other applicable items; the same hereinafter) has increased significantly since the initial recognition at each balance sheet date. If the credit risk of the financial instrument has increased significantly since the initial recognition, the Group measures its loss allowance according to the amount equivalent to the expected credit loss of the financial instrument over its expected lifetime; if the credit risk has not increased significantly since initial recognition, the Group measures its loss allowance according to the amount equivalent to the expected credit loss of the financial instrument in the next 12 months. When assessing expected credit loss, the Group gives consideration to all reasonable and well-founded information, including forward-looking information.

For financial instruments with relatively low credit risks on the balance sheet date, the Group assumes that their credit risks have not increased significantly since initial recognition, and measures loss allowance based on the expected credit loss within the next 12 months.

(2) Criteria for judging whether the credit risks have increased significantly since initial recognition

When the default probability of a financial asset within the expected duration determined on the balance sheet date is significantly higher than that in initial recognition, it suggests that the credit risks of the financial asset have significantly increased. Except under special circumstances, the Group determines whether credit risks have increased significantly since initial recognition by estimating the changes in lifetime risk of default occurring based on the changes in 12-month risk of default occurring as a reasonable.

(3) Grouping method for assessing the expected credit risks

The Group carries out separate credit risk evaluation for financial assets with significantly different credit risks, including receivables in dispute with the other party or involving litigation or arbitration; accounts receivable where there are obvious signs that the debtor may not be able to fulfill the repayment obligation, etc.

Except for the financial assets that are individually assessed for credit risks, the Group shall classify the financial assets into different groups in view of the common risk characteristics, and assess the credit risks on the basis of groups.

(4) Accounting treatment methods for impairment of financial assets

At the end of a period, the Group shall calculate the expected credit loss of all types of financial assets. If the expected credit loss is greater than the carrying value of its current provision for impairment, the difference shall be recognized as impairment loss; if it is less than the carrying value of current provision for impairment, the difference shall be recognized as impairment gain.

(5) Determination method for measurement of expected credit losses of various financial assets

① Notes receivable

For note receivable, the Group measures loss allowance according to the amount equivalent to the expected credit loss over the lifetime. Depending on their credit risk characteristics, notes receivable are classified into different groups:

Items	Basis for determining groups
Bank acceptance notes	The acceptor is a bank with low credit risk
Commercial acceptance notes	By acceptor's credit risk (the same as that of accounts receivable)

② Accounts receivable

For accounts receivable not containing significant financing components, the Group measures loss allowance according to the amount equivalent to the expected credit loss over the lifetime.

Except for accounts receivable for which credit risk is assessed separately, depending on their credit risk characteristics, accounts receivable is classified into different groups:

Items	Basis for determining groups
Accounts receivable aging group	Except for the receivables for which the loss allowance of impairment has been calculated separately, the Group shall determine, through present situation analysis, the proportion of allowance for bad debt based on the expected credit loss rate of identical or similar receivables in previous years with similar credit risk characteristics classified by aging
Related party group	The parent and subsidiary companies included in the consolidated financial statements are divided into groups according to equity relationship.

③ Other receivables and factoring receivables

The Group measures impairment losses based on whether the credit risk of other receivables and factoring receivables has increased significantly since initial recognition, using an amount equivalent to expected credit loss within the next 12 months or entire duration.

11. Notes receivable

For further details, please see this Note V. 9. "Financial Instruments" and 10. "Impairment of Financial Assets".

12. Accounts receivable

For further details, please see this Note V. 9. "Financial Instruments" and 10. "Impairment of Financial Assets".

13. Financing receivables

Notes receivable and accounts receivable which are classified as measured at fair value through other comprehensive income are presented under "financing receivables" if they have original maturity up to one year (including one year) or under other debt investments if they have original maturity more than one year. For relevant accounting policies, please see Note V. 9. "Financial Instrument" and 10. "Impairment of Financial Assets".

14. Other receivables

Methods for determining and accounting the expected credit losses of other receivables

For further details, please see this Note V. 9. "Financial Instruments" and 10. "Impairment of Financial Assets".

15. Inventories

(1) Classification of inventory

Inventory types include among others raw materials, goods in stock, revolving materials and unfinished in process.

(2) Valuation methods of inventory acquired and sold

When inventory is acquired, it is measured based on actual cost, including purchase cost, processing cost and other costs. When inventory is acquired and sold, it is priced according to the monthly weighted average method.

(3) Determination method of the net realizable value of inventory and calculation method of depreciation allowance

Net realizable value means the estimated selling price of inventory less the estimated cost to be incurred by the time of completion, the estimated selling expense and related taxes. In determining the net realizable value of inventory, based on obtained evidence, the Group considers the purpose of the inventory and the impact of any matters occurring after the balance sheet date.

On the balance sheet date, inventory is measured at cost or net realizable value (whichever is lower). If the net realizable value is lower than its cost, the Group will make provision for inventory depreciation. The provision for decline in the value of inventories is generally made at the difference between an inventory item's cost and its net realizable value. For the inventory with a large quantity and relatively low unit price, the inventory depreciation allowance is accrued based on the inventory category; for inventories associated with product series manufactured and sold in the same area, with the same or similar end use or purpose, and are difficult to be measured separately from other items, the depreciation allowances are consolidated and accrued. For raw materials with a large quantity and low unit price, the provision of inventory depreciation is generally made according to the time the inventory has been kept.

After the provision of inventory depreciation is made, if the original trigger for inventory write-down has disappeared so that the net realizable value of the inventory is higher than the carrying value, the amount of provision of inventory depreciation shall be reversed, and the reversed amount shall be recognized in current profits and losses.

(4) The inventory system is a perpetual inventory system.

(5) Amortization method of revolving materials

The Group's revolving materials include low-value consumables and packaging materials. Large revolving materials are amortized at the time of receipt over months of the expected service life. Other low-value consumables are amortized at the time of receipt using the one-off amortization method. Packaging materials are amortized at the time of receipt using the one-off amortization method.

16. Contract assets

The Group records the right where the customer has not paid the contract consideration but the Group has performed its contract obligation and the Group is not prevented from being unconditionally paid by the customer (depending on the lapse of time only) as

contract assets in the balance sheet. Contract assets and contract liabilities under the same contract are listed on a net basis. Contract assets and contract liabilities under different contracts will not be offset.

Please refer to Note V. 10. "Impairment of Financial Assets" for details of the method for determining and accounting the expected credit loss of contract assets.

17. Contract costs

If the incremental cost incurred by the Group to acquire the contract is expected to be recovered, it is recognized as an asset as the contract acquisition cost. However, if the amortization period for the asset does not exceed one year, the asset shall be recorded in current profits and losses at the time of occurrence.

A cost incurred for performing a contract which does not fall within the regulated scope of accounting standards for business enterprises other than Accounting Standards for Business Enterprises No. 14 - Income (revised in 2017) shall be recognized as an asset if: ① such cost directly relates to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs clearly borne by customers and other costs only incurred due to the contract; ② such cost increases the resources of the Group for fulfilling its obligations in the future; and ③ such cost is expected to be recoverable.

The assets related to contract costs are amortized on the same basis as the revenue recognition of goods related to the assets, and are recorded in the current profits and losses.

18. Long-term equity investments

Long-term equity investments in this part refer to the long-term equity investments through which the Group has control, joint control or significant influence over investee. The long-term equity investments through which the Group does not have control, joint control or significant influence over investee, is taken as a financial asset at fair value recorded in current profits and losses. If it is non-trading, the Group can choose to designate it as a financial asset at fair value recorded in other comprehensive income at initial recognition. For details about the relevant accounting policy, please see this Note V. 9. "Financial Instrument".

Joint control refers to the Group's common control of an arrangement in accordance with relevant agreement, and the relevant activities of the arrangement must be unanimously agreed by the participants sharing the control before a decision can be made. Significant influence refers to the Group's right to participate in the decision-making of an invested entity's financial and operational policies, but not to control or jointly control the formulation of these policies with other parties.

(1) Determination of investment cost

For long-term equity investments arising from business combination under the same control, the proportion of the carrying value of the stakeholders' equity of the merged party in the consolidated financial statements of the final controlling party is regarded as the initial investment cost of long-term equity investments on the combination date. If there is a difference between the initial investment cost of long-term equity investments and the cash paid, non-cash assets transferred, and carrying value of liabilities assumed, the capital surplus shall be adjusted. Where the capital surplus is insufficient to absorb the difference, undistributed profits shall be adjusted. The investments cost which adopts the equity securities issued as the consideration should be adopted as the initial investments cost of the long-term equity investments according to the proportion of the carrying value of the stakeholders' equity of the merged party in the consolidated financial statements of the final controlling party, and adjust the capital surplus by the difference between the initial investments cost of long-term equity investments and the amount of issued stock's face value (regarded as share capital). If the capital surplus is insufficient to absorb the difference, undistributed profits should be adjusted. If the equity of the acquiree under the same control is acquired step by step through multiple transactions leading to a merger of enterprises under the same control, the transactions shall be confirmed whether they belong to a "package transaction": If they belong to a "package transaction", all transactions shall be treated as one transaction over which the acquiree has control. If it is not a "package transaction", the Group regards the initial cost of the long-term equity investments as the proportion of the shareholders' equity of the acquired enterprise to the carrying amount in the consolidated financial statements of the final controller at the date of combination. If there is a difference between the initial investments cost of long-term equity investments on the date of combination and the sum of the carrying value of the long-term equity investments before the merger plus the carrying value of the new share payment consideration on the date of combination, the capital surplus shall be adjusted. Where the capital surplus is insufficient to absorb the difference, undistributed profits shall be adjusted. If the equity investment held before the combination date is measured using the equity method or recorded as a financial asset at fair value in other comprehensive income. The other comprehensive income recognized as a result will not be accounted temporarily.

For the acquisition of long-term equity investments involving enterprises under common control, the Group regards the initial cost of the long-term equity investments at that date as business combination cost, including the sum of fair values of assets paid, liabilities incurred or borne, and equity securities issued, by the buyer. If the equity of the acquiree is acquired step by step through multiple

transactions leading to a merger of enterprises under different control, the transactions shall be confirmed whether they belong to a “package transaction”: If they belong to a “package transaction”, all transactions shall be treated as one transaction over which the acquiree has control. If it is not a “package transaction”, the sum of the carrying value of the original equity investments plus the new investments cost is regarded as the initial investments cost of long-term equity investments calculated by the cost method. If the previous equity is measured using the equity method, the relevant other comprehensive income will not be accounted temporarily.

Acquisition-related costs including auditing fees, legal services fees, valuation advice fees and other relevant management fees are generally recognized in profit or loss as incurred.

A long-term equity investments acquired other than through a business combination is initially measured at the cost, and such cost is determined at the amount of cash paid by the Group, the fair value of the equity securities issued by the Group, the value agreed in an investment contract or agreement, the fair value or carrying value of asset exchanged in the non-monetary asset exchange, or the fair value of the long-term equity investments. Costs, taxes and other necessary expenses directly related to the acquisition of the long-term equity investments are also included in the investment cost. If additional investments addition has a significant influence over investee, or jointly control other than the control over investee, the cost of long-term equity investments shall be the sum of the fair value of the original equity investments determined according to Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments and the cost of the additional investment.

(2) Method of subsequent measurement and recognition of profits and losses

The long-term equity investments through which the Group has joint control (except for joint operation) or significant influence over investee shall be calculated by the equity method. The Group's financial statements use the cost method to calculate long-term equity investments that constitutes control over invested entities.

① Long-term equity investments calculated by cost method

Under the cost method, a long-term equity investment is measured at initial investments cost. Increasing or reducing investments will adjust the cost of long-term equity investments accordingly. Except for actual price paid when the investment is obtained or the cash dividends or profits that are included in the consideration that has been declared but not yet disbursed, the current investment income shall be recognized according to the cash dividends or profits declared by the invested entity.

② Long-term equity investments accounted by equity method

When the initial investments cost of long-term equity investments accounted under equity method is greater than the investments, the difference in the fair value share of the identifiable net assets of the invested entity is enjoyed, without adjusting the initial investments cost of long-term equity investments; when the initial investments cost is less than the investments, the difference in the fair value share of the identifiable net assets of the invested entity is included in the current profits and losses, and the cost of long-term equity investments shall be adjusted accordingly.

When the equity method is adopted, according to the share of the net profit and loss and other comprehensive income realized by the invested entity, the investments income and other comprehensive income shall be recognized respectively, and the book value of the long-term equity investments shall be adjusted; the book value of the long-term equity investments is reduced correspondingly in accordance with the portion of the profits or cash dividends declared and distributed by the invested entity; for changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution of the invested entity, the book value of long-term equity investments shall be adjusted and included in capital surplus. The share of net profit and loss of the invested entity shall be recognized, based on the fair value of various identifiable assets of the invested entity when the investment is made, after adjustment of the net profit of the invested entity. When the accounting policy and accounting period adopted by the invested entity are inconsistent with those of the Group, the investment income and other comprehensive income shall be recognized based on the adjusted financial statements of the invested entity in accordance with the Group's accounting policies and accounting period. For the Group's transactions with its associates and joint ventures, if the invested or sold asset does not constitute a business, unrealized profits or losses resulting from the transactions are recognized as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealized losses resulting from the Group's transactions with its invested entity in respect of impairment losses on the transferred assets should not be eliminated. If the asset invested by the Group to its associates and joint ventures constitutes a business, to the extent that the investor realizes long-term equity investments other than control, the fair value of the invested business shall be the initial investments cost of the additional long-term equity investments, and the difference between the initial investments cost and the carrying value of the invested business shall be recorded in the profit or loss of the current period. If the asset sold by the Group to its associates and joint ventures constitutes a business, the difference between the consideration received and the carrying value of the invested business shall be recorded in the profit or loss of the current period. If the asset purchased by the Group from its associates or joint ventures constitutes a business, the accounting shall be made pursuant to the Accounting Standards for Business Enterprises No. 20 - Business Combination shall apply, the gain or loss from the transaction shall be fully recognized.

The Group de-recognizes its share of net losses of the invested entity after the carrying amount of the long-term equity investments together with any long-term interests that substantially constitute part of its net investments in the invested entity shall be written down to zero. In addition, if the Group has the obligation to bear additional losses to the invested entity, the provisions shall be recognized according to the expected obligations and be recorded in the investment losses of the current period. Where net profits are subsequently made by the invested entity, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

③ Acquisition of minority interest

When preparing consolidated financial statements, if there is a difference between the new long-term equity investments acquired as a result of the purchase of minority shares and the share of net assets continuously calculated from the date of purchase (or merger) of the subsidiary based on the new shareholding ratio, the capital surplus shall be adjusted. Where capital surplus is insufficient to offset the difference, the undistributed profits are adjusted.

④ Long-term equity investments disposal

In consolidated financial statements, where a parent company partially disposes of a long-term equity investment in a subsidiary without losing the control over it, the difference between the disposing price and the net assets of the subsidiary obtained from the disposal of the long-term equity investments shall be recognized in the shareholder's equity. If it's partial disposal by a parent company of a long-term equity investment in a subsidiary and the control over the subsidiary is lost, the accounting policy stipulated in this Note V. 6. (2) "Method for Preparing the Consolidated Financial Statements" shall apply.

For disposal of long-term equity investments in other situations, the difference between the disposed equity's book value and the actual proceeds is included in the current profits and losses.

When the Group reduces its ownership interest in investee but continues to use the equity method for long-term equity investments, other comprehensive income previously recorded as shareholders' equity is disposed in proportion, subject to the accounting treatment applicable to the assets or liabilities related to direct disposal of the invested entity. The equity recognized by the Group, other than the change of the net profits and loss, other comprehensive income and profit distribution of the invested entity, is transferred to current profits and losses in proportion.

When the Group reduces its ownership interest but the Group continues to use the cost method for long-term equity investments, for the other comprehensive income recognized by the Group using equity method prior to the control over the investee or under financial instrument recognition and measurement standard, other comprehensive income previously recorded as shareholders' equity is subject to the accounting treatment applicable to the assets or liabilities related to direct disposal of the invested entity and is transferred to current profits and losses in proportion. Then the other changes in shareholders' equity recognized by the Group using equity method, not arising from the change of the net profits and loss, other comprehensive income or profit distribution of the invested entity, are reclassified to profit and loss in proportion.

If the Group loses its control over the invested entity due to the disposal of a portion of an equity investment, the equity method is adopted in the preparation of individual financial statements when the remaining equity allows the Group to exercise joint control or hold significant influence on the invested entity, and the remaining equity after disposal is regarded as being adjusted by the equity method at the time of acquisition; if the remaining equity after disposal does not allow the Group to exercise joint control or hold significant influence on the invested entity, it is calculated in accordance with the relevant provisions of financial instrument recognition and measurement standards, and the difference between the fair value and the book value on the day when the control is lost is recorded in current profits and losses. If other comprehensive income recognized, using the equity method or under the standards for recognition and measurement of financial instruments before the Group obtains the control over the invested entity, is subject to the accounting treatment applicable to the assets or liabilities related to direct disposal of the invested entity when the control over the invested entity is lost, changes in the shareholders' equity of the net assets of the invested entity recognized using the equity method, except for net profits and losses, other comprehensive income and profit distributions, shall be transferred to current profits and losses when the control over the invested entity is lost. Other comprehensive income and other shareholders' equity are transferred in proportion when the remaining equity after disposal is calculated by the equity method. If the remaining equity after disposal is calculated in accordance with the standards for recognition and measurement of financial instruments, other comprehensive income and other shareholders' equity are transferred in full.

If joint control or significant influence on the invested entity is lost by the Group due to the disposal of some equity investments, the remaining equity after disposal is calculated according to the financial instrument recognition and measurement standards. The difference between the fair value and the book value on the day when joint control or significant influence is lost is recorded in current profits and losses. Other comprehensive income of the equity investment previously recognized using the equity method is subject to the accounting treatment applicable to the assets or liabilities related to direct disposal of the invested entity when the Group stops using the equity method. Shareholders' equity recognized by the Group, other than the change of the net profits and loss, other

comprehensive income and profit distribution of the invested entity, is reclassified to profit and losses fully when the Group stops using the equity method.

The equity investments in the subsidiary is disposed of step by step by the Group through multiple transactions until the control is lost. The aforementioned transactions, if belong to package transactions, are disposed as one transaction for disposal of the equity investments of the subsidiary and loss of control. The difference between the price of each disposal before the control is lost and the carrying value of long-term equity investments related to the disposed equity are recorded in other comprehensive income, and then transferred to the profit or loss of the current period when the control is lost.

19. Investment properties

Measurement of investment properties

Measurement by cost method

Depreciation or amortization method

Investment properties mean the properties held for the purpose of rent earning or capital appreciation, or both. It includes the land use rights that have been leased, the land use rights that are held for transfer upon appreciation, and the leased buildings. In addition, the vacant buildings held by the Group for the purpose of leases will also be reported as investment properties, if the board of directors (or similar authority) makes a resolution in written form that expressly indicates that the buildings will be used for leases and the intention of holding will not change in the short term.

Investment properties are initially measured at cost. Subsequent expenses related to investment properties shall, if economic profits related to the property are likely to be gained and its costs can be measured reliably, be recorded as the cost of investment properties. Other subsequent expenditures are recorded in the current profits and losses when incurred.

The Group adopts the cost model for subsequent measurement of investment properties. The investment properties are depreciated or amortized in accordance with policies consistent with building or land use rights.

For method of impairment test and method of provision for impairment of investment properties, please see this Note V. 25. "Impairment of Long-term Assets".

When self-use properties or inventories are converted to investment properties, or investment properties are converted to self-use properties, the value after the conversion shall be recognized at the carrying value before the conversion.

When investment properties are disposed or permanently withdrawn from use and is not expected to obtain economic benefits from its disposal, the investment properties shall be de-recognized. The disposal income from the sale, transfer, abandonment or destruction of investment properties less its carrying value and relevant taxes shall be recognized in current losses and profits.

20. Fixed assets

(1) Recognition criteria

Fixed assets mean the tangible assets held with a service life exceeding one fiscal year for the production of goods, provision of labor services, leasing or management. Fixed assets may be recognized when they meet the following conditions: Economic benefits relating to the fixed asset are likely to be gained by the Group, and the cost of the fixed asset can be measured reliably. Fixed assets are initially measured at cost, with the influence of estimated abandonment cost taken into account.

(2) Depreciation methods

Category	Depreciation methods	Depreciable life	Ratio of remaining value	Annual depreciation
Houses and buildings	Straight-line method	20-30 years	5%-10%	3%-4.75%
Production equipment	Straight-line method	5-10 years	5%-10%	9%-19%
Test equipment	Straight-line method	5-10 years	5%-10%	9%-19%
Office equipment	Straight-line method	5 years	5%-10%	18%-19%
Transportation equipment	Straight-line method	5 years	5%-10%	18%-19%

(3) Recognition basis, valuation and depreciation method of fixed assets leased by financing

See Note 35. "Lease" for details

21. Construction in progress

The cost of construction in progress is determined at the actual construction expense, including various construction expenditures incurred during the period of construction, capitalized borrowing costs and other related expenses before the project reaches the predetermined conditions for use. Construction in progress is transferred to fixed assets when it has reached the working condition for its intended use.

For the method of impairment test and method of provision for impairment of construction in progress, please see this Note V. 25. "Impairment of Long-term Assets".

22. Borrowing costs

Borrowing costs include interest on borrowing, amortization of discount or premium, auxiliary expenses and exchange differences due to foreign currency borrowing, etc. Borrowing costs that can be directly attributable to the acquisition, construction or production of assets eligible for capitalization shall be capitalized when the asset expenditure has been incurred, the borrowing cost has been incurred, and the acquisition, construction or production necessary to make the asset reach the predetermined conditions for use or sale has started, and the capitalization shall discontinue when the constructed or produced assets eligible for capitalization reach the predetermined conditions for use or sale. The remaining borrowing costs are recognized as costs at the time of occurrence.

The amount to be capitalized is the actual interest expense incurred on the specific borrowings less any bank interest earned from unused funds of the designated borrowings or any investment income arising from the temporary investment of those funds. The amount to be capitalized on the general borrowings is calculated by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of the specific borrowings. Capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

During the period of capitalization, exchange differences arising from special borrowings in a foreign currency shall be fully capitalized, and exchange differences arising from general borrowings in a foreign currency shall be recognized in profits and losses.

Assets eligible for capitalization refer to fixed assets, investment properties, inventories and other assets that need to go through quite a long time of acquisition or production activities to reach the predetermined usable or salable state.

If an abnormal interruption of assets eligible for capitalization occurs in the process of acquisition, construction or production and continues over 3 months, the capitalization of borrowing costs shall cease and shall not restart until the acquisition, construction or production of such assets resume.

23. Right-of-use assets

See Note 35. "Lease" for details

24. Intangible assets

(1) Valuation method, service life and impairment test

Intangible assets mean the identifiable non-monetary assets owned or controlled by the Group without physical substance.

The intangible assets shall be initially measured at cost. Expenses related to the intangible assets are recognized in the cost of intangible assets when it is likely that the associated economic benefits will be gained by the Group and the associated costs can be measured reliably. Other expenses related to the intangible assets are recognized in profit or loss for the period in which it is incurred.

The acquired land use right is generally recognized as intangible assets. Expenses related to land use right and construction cost from buildings such as self-built factory, etc. are recognized as intangible assets and fixed assets, respectively. In the case of purchased buildings, related costs are shared between the cost of land use rights and the cost of buildings. The related costs that cannot be allocated reasonably are recognized as fixed assets.

When intangible assets with a finite useful life are available for use, their original cost is amortized over their estimated useful life using the straight-line method. Intangible assets with uncertain service life shall not be amortized.

For intangible assets with a finite useful life, the Group reviews their useful life and amortization method at the end of the period, and accounts for any change as a change in an accounting estimate. For intangible assets with uncertain service life, the Group reviews their useful life. If it is evident that the duration of associated economic benefits is predictable, the useful life is estimated and the asset is amortized pursuant to amortization policies for intangible assets with finite useful life.

(2) Accounting policy for internal research and development costs

The expenditure for research and development projects in the Group is divided into research phase expenditure and development phase expenditure.

The classification into the expenditure in the research phase or the expenditure in the development phase in relation to internal R&D projects of the Group conforms to the following standards:

Expenditures in the research phase are defined as those spent in an innovative, explorative and planned investigation to acquire and understand new scientific or technical knowledge. The research is the preparation in documents and other aspects for further development. It is very uncertain whether the completed research will move onto the development phase and whether the development will lead to the emergence of an intangible asset. Therefore, the Group includes the expenditures in the research phase in expenses and recognize them in the profit or loss of the current period.

Expenditures in the development phase refer to the expenditures incurred during the stage of applying research results or other knowledge to a project or design to produce new or substantially improved materials, devices and products before commercial mass production or use. As the development phase comes after the research phase, the majority of basic conditions for a new product or technology have been established. Thus, the Group recognizes the expenditures in development phase eligible for capitalization as intangible assets. Gross expenditures incurred in the period from the point when the conditions for capitalization are satisfied to the point when intangible assets are ready for the intended purpose are capitalized. No adjustment will be made further for any expenditure that has been included in expense and recognized in profit or loss before the same intangible assets have met the conditions for capitalization in the development phase.

Expenditures in the research phase are included in the current profits and losses when incurred.

Expenditures in the development phase are recognized as intangible assets only when the following conditions are all satisfied, or are included in the profit or loss of the current period:

- ① Having completed the intangible assets, enabling them to be technically feasible for use or sale;
- ② Having the intention to complete the intangible assets and use or sell them;
- ③ The ways in which intangible assets generate economic benefits, including the proof that there is a market for the product produced using the intangible assets or for the intangible assets. Where the intangible assets are used internally, their usefulness shall be proved;
- ④ Having sufficient technical, financial and other resources to complete the development of the intangible assets, and having the ability to use or sell the intangible asset;
- ⑤ Expenditures attributable to the development phase of the intangible assets can be measured reliably.

If it is impossible to distinguish between expenditures in the research phase and expenditures in the development phase, the R&D expenditures incurred shall be included in the profit or loss of the current period.

(3) Method of impairment test and method of provision for impairment of intangible assets

For the method of impairment test and method of provision for impairment of intangible assets, please see this Note V. 25 "Impairment of Long-term Assets".

25. Impairment of long-term assets

For non-current and non-financial assets including fixed assets, construction in progress, intangible assets with finite useful life, investment properties measured at cost, and long-term equity investments in subsidiaries, associates and joint ventures, the Group assesses whether there is an indication of impairment at the date of balance sheet. If there is such an indication, the Group estimates the recoverable amount and carries out an impairment test. An impairment test shall be conducted every year for intangible assets with uncertain goodwill and service life and those have not yet reached the usable state, regardless of whether there are signs of impairment.

If the impairment test results show that the recoverable amount of an asset is lower than its book value, the provision for impairment is accrued according to the difference and is recorded in the impairment loss. The recoverable amount is the higher of the net amount of the fair value of the asset less the disposal expenses and the present value of the expected future cash flow of the asset. The fair value of an asset is measured as the price agreed in a sales contract concluded in good faith. In absence of any such sales contract, if there is an active market for the asset, the best information available is used as a basis to estimate the fair value of the asset. Disposal expenses include legal fees, taxes and transportation fees related to the disposal of an asset, and direct expenses incurred to make the asset salable. The present value of expected future cash flows of an asset is measured by applying an appropriate discount rate to the expected future cash flows generated during the continuous use of the asset at the time of final disposal. The asset impairment provision

is calculated and recognized on the basis of individual assets. In the case of difficulty in estimating the recoverable amount of an individual asset, the recoverable amount of the asset group to which the individual asset belong is calculated. An asset group is the smallest unit of combined assets that can generate cash inflows independently.

For goodwill listed separately in the financial statements, the carrying amount of such goodwill arising from business combinations is allocated to relevant asset groups or asset group portfolios. If the test results show that the recoverable amount of asset groups or asset group portfolio containing allocated goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss shall firstly be deducted from the carrying amount of goodwill embodied in the asset groups or asset group portfolios, then be deducted from the carrying amounts of other assets based on the proportions of their carrying amounts in the asset groups or asset group portfolios.

The impairment losses of assets will not be reversed in subsequent periods once recognized.

26. Long-term prepaid expenses

Long-term prepaid expenses refer to expenses that have already incurred but should be borne by the current and future instalments for a period of more than one year. Long-term prepaid expenses shall be amortized according to the straight-line method within the estimated period of benefit.

27. Contract liabilities

Contract liabilities are defined as the Group's obligation to transfer goods to a customer for received or receivable consideration from the customer. The Group presents as contract liabilities, at the earlier time point of actual payment by a customer or the payment due, if the Group has paid the contract consideration or the Group has acquired the right to collect unconditionally before the goods are transferred by the Group to the customer. Contract assets and contract liabilities under the same contract are listed on a net basis. Contract assets and contract liabilities under different contracts will not be offset.

28. Employee remuneration

(1) Accounting treatment of short-term remuneration

Short-term employee benefits include employee wages or salaries, bonuses, allowances and subsidies, employee welfare fees, medical insurance contributions, maternity insurance contributions and work injury insurance contributions, housing provident fund contributions, union running costs and employee education costs, and non-monetary benefits. During the accounting period when the employees provide services for the Group, the short-term remuneration actually incurred is recognized as a liability and recorded in the current profits and losses or related asset costs. The non-monetary welfare in short-term remuneration should be measured at fair value.

(2) Accounting treatment of post-employment benefits

Post-employment benefit mainly covers basic pension insurance and unemployment insurance. Most of post-employment benefit plans are mainly defined benefit plans. The defined benefit plans of the Group are basic pension insurance and unemployment insurance, and the contributions thereto are recorded in the asset cost or the profit or loss of the current period when they occur.

(3) Accounting treatment of dismissal welfare

Where the Group terminates the labor relationship with an employee before the labor contract expires, or offers proposed compensation for encouraging the employee to accept the redundancies voluntarily, if the Group cannot unilaterally withdraw the termination benefits provided by the termination of labor relations plan or reduction proposal, and the Group recognizes the costs related to the reorganization involving the payment of the termination benefits (whichever comes first), the employee remuneration liabilities arising from the termination benefits are recognized and recorded in the current profits and losses. However, termination benefits which are expected not to be fully paid within twelve months after the end of the annual reporting period are accounted for as other long-term employee remuneration.

Internal employee retirement programs are accounted for, using the above method applicable to termination benefits. The Group recognizes in the profit or loss of the current period (termination benefits) employee salaries and contributions to the employee's social insurance covered by its internal retirement program from the day when the employees stop their services until their statutory retirement dates, when the conditions for provisions are satisfied.

(4) Accounting treatment of other long-term employee benefits

If other long-term employee benefit provided by the Group for its employees constitutes the defined contribution plan, the accounting treatment for the defined contribution plan applies. In any other circumstance, the accounting treatment for the defined benefit plan applies.

29. Lease liabilities

For recognition methods and accounting of lease liabilities, please see this Note V. 35. "Lease".

30. Provisions

Obligation relating to a contingent are recognized as provisions when they meet the following conditions: (1) the Group has a present obligation related to a contingency; (2) it is probable that an outflow of economic benefits will be required to settle the obligation; and (3) the amount of the obligation can be measured reliably.

Provisions are measured against the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money.

If all or part of the expenses required to settle the provisions are expected to be compensated by a third party, the amount of compensation is recognized separately as an asset when it is basically recognized that it can be received, and the recognized compensation amount doesn't exceed the book value of the provision.

31. Share-based payment

(1) Accounting treatment of share-based payment

Share-based payment is a transaction where equity instruments are granted or equity instrument-based liabilities are assumed for the consideration of the services provided by employees or other parties. Share-based payment is classified into cash-settled share-based payment and equity-settled share-based payment.

① Equity-settled share-based payment

Equity-settled share-based payments made for the consideration of the services provided by the employees, is measured at the fair value of equity instruments on the date of grant to the employees. In the case that the right can be exercised after the completion of services in the waiting period or satisfaction of stipulated performance conditions, the fair value amount shall, on the basis of the best estimate of the quantity of equity instruments with vesting in the waiting period, be recorded in relevant cost or expense using the straight-line method. In the case that the right can be exercised immediately after the grant, it is recorded in relevant cost or expense on the grant date, and the capital surplus is increased accordingly.

On each balance sheet date during the waiting period, the Group makes the best estimate based on the latest available follow-up information such as changes in the number of employees with vested rights, and revises the estimated number of equity instruments with vesting. The impact of the above estimation is recorded in the cost or expense of the current period, and the capital surplus adjusted accordingly.

Equity-settled share-based payments made for the consideration of the services provided by other parties shall, if the fair value of the services can be measured reliably, is measured at fair value at the date of acquisition, and if the fair value of the services cannot be measured reliably but the fair value of the equity instruments can be measured reliably, is measured at fair value at the date of acquisition. They are recorded in the cost or expense, and the shareholder's equity is increased accordingly.

② Cash-settled share-based payment

Cash-settled share-based payment shall be measured according to the fair value of liabilities determined on the basis of shares or other equity instruments undertaken by the Group. In the case that the right is exercised immediately after the grant, it is recorded in relevant cost or expense, and the liability is increased accordingly. If the right is exercised only after the completion of services in the waiting period and satisfaction of stipulated performance conditions, on each balance sheet date within the waiting period, based on the best estimate of the vesting condition and according to the fair value of the liabilities assumed by the Group, the services acquired in the current period are recorded in the costs or expenses, and the liability is increased accordingly.

On each balance sheet date and settlement date before the settlement of related liabilities, the fair value of liabilities shall be re-measured, and the changes shall be recorded in the current profits and losses.

(2) Accounting treatment related to modification and termination of share-based payment plan

When the Group modifies the share-based payment plan, if the fair value of the granted equity instruments is increased by modification, the increase of the services acquired shall be recognized according to the increase of the fair value of the equity instruments. The increase of fair value of equity instruments refers to the difference between the fair values of equity instruments before and after modification on the modification date. If the total fair value of share-based payment is reduced by modification or other ways that are unfavorable to employees, the accounting treatment of the acquired services will continue, as if the change never happened unless the Group cancels some or all of the granted equity instruments.

During the waiting period, if the granted equity instruments are canceled, the Group will treat the cancellation of the granted equity instruments as accelerated exercise, and immediately record the amount to be recognized in the remaining waiting period into the current profits and losses, and recognize the capital surplus at the same time. If the employee or other party can choose to meet the non-vesting condition but fails to meet it during the waiting period, the Group will treat it as cancellation for granting equity instruments.

32. Revenue

Accounting policies adopted for revenue recognition and measurement

(1) Principles of revenue recognition

If a contract between the Group and a customer meets the following conditions, revenue is recognized when the customer obtains the control over the goods: the parties to the contract have approved the contract and pledged to perform their obligations; the contract defines the rights and obligations of the parties about transfer of the goods or provision of the services; the contract contains payment terms about the proposed transferred goods; the contract has commercial substance, which means that the performance of the contract would change the risks, time distribution or amount of the future cash flows of the Group; and the consideration to which the Group is entitled for transferring the goods to the customer is very likely to be recovered.

At the contract commencement date, the Group identifies each individual performance obligation existing under the contract, and apportions the trading price to each individual performance obligation based on the proportion of the selling prices of the goods committed by the individual performance obligations. The trading price is determined by taking into account of the influence of variable consideration, major financing components in the contract, non-cash consideration, consideration payable to customers and other factors.

If each individual performance obligation under the contract meets any of the following conditions, the Group will, according to the progress of performance in the relevant performance period, recognize the part of trading price apportioned to the individual performance obligation as a revenue: the customer obtains and consumes economic benefits from the performance by the Group at the time of performance; the customer has control over the goods in production during the performance by the Group; the goods produced during the performance by the Group have irreplaceable use, and the Group is entitled to be paid for the completed part of the obligation up to now in the entire contract period. The performance schedule is determined by output method or input method according to the nature of the goods transferred. If the performance schedule cannot be reasonably determined and the incurred costs of the Group are expected to be compensated, the revenue is recognized according to the amount of the incurred costs until the performance schedule can be reasonably determined.

If none of the above condition is met, the Group will, at the point when the customer obtains the control over the goods, recognize the part of trading price apportioned to the individual performance obligation as a revenue. To determine whether the customer obtains the control over the goods, the Group considers the following indications: the Group enjoys the current right to be paid for the goods, and the customer has the current obligation to pay for the goods; the Group has transferred legal ownership of the goods to the customer, and the customer has owned the legal ownership over the goods; the Group has delivered the goods physically to the customer, and the customer has possessed the goods in kind; the Group has passed on to the customer major risks and rewards of the ownership of the goods, and the customer has received the major risks and rewards of the ownership of the goods; the customer has accepted the goods; and any other indication that the customer has obtained the control over the goods.

(2) Specific methods for revenue recognition

① Domestic sales

A. General sales mode

The Group arranges production according to a sales contract or order with a customer; upon shipment from the warehouse, the products are transported and delivered to the place of delivery designated by the customer; the customer's warehousing employee checks the quantity of the products and also carries out a spot check for the quality of the products; after the quantity and quality are accepted, the employee will sign and stamp on the receipt for confirmation. The revenue is recognized when the Group obtains the signed and stamped receipt or when the Group obtains the signed and stamped receipt and makes a reconciliation with the customer.

B. VMI sales mode

The Group arranges production according to a sales contract or order with the customer; upon shipment from the warehouse, the products will be transported and delivered to the delivery place designated by the customer; the customer's warehouse personnel checks the quantity of the products and also carries out a spot check for the quality of the products; after the quantity and quality are accepted, the warehouse personnel will sign and stamp on the receipt for confirmation. Sales revenue will be recognized based on the actual receipt of goods by the customer and reconciliation with the customer.

② Overseas sales

A. General sales mode

The Group arranges production according to a sales contract or order with a customer; the export delivery is made through customs clearance after the products are verified as qualified through inspection; for the purpose of delivering the products, the revenue is recognized at the time of control transfer depending on specific terms of trade.

B. VMI sales mode

The Group arranges production according to a sales contract or order with a customer; the export is made through customs clearance after the products are verified as qualified through inspection; after the Group completes export declaration formalities and obtains an export declaration form, and the products are transported to the place designated by the customer, the revenue is recognized when the customer accepts the products.

Different operating modes in the same kind of business lead to different accounting policies for revenue recognition

None

33. Government subsidies

Government subsidies refer to the monetary assets and non-monetary assets obtained by the Group from the government free of charge, excluding the investment made by the government as an investor which enjoys the corresponding owner's equity. Government subsidies are divided into asset-related government subsidies and income-related government subsidies. Asset-related government subsidies refer to the government subsidies obtained by the Group and used for acquiring or forming long-term assets by other means. Other government subsidies are defined as government subsidies related to income. If no target of grants is specified in government documents, government subsidies are classified into government subsidies related to assets and government subsidies related to income as follows: (1) if the government document stipulates grants for a defined project, the grants will be divided according to the proportion of expenditures transformed into assets and expenditures recorded in expenses in the budget of the defined project, and the proportion will be reviewed at each balance sheet date and be changed if necessary; and (2) if the government document contains general statement on the purpose of grants, other than a defined project, the grants will be treated as government subsidies related to income. Government subsidies in the form of monetary assets shall be measured at the amount received or receivable. Government subsidies in the form of non-monetary assets shall be measured at fair value. If the fair value cannot be reliably acquired, the government subsidies shall be measured at nominal amount. Government subsidies measured at nominal amount shall be directly recorded in the current profits and losses.

The Group recognizes and measures government subsidies generally at the time of receipt according to the actually received amounts. However, at the end of the period, the subsidy shall be measured according to the amount receivable when there is conclusive evidence that it can meet the relevant conditions stipulated by the financial support policy and is expected to receive financial support funds. A government subsidy measured at the amount receivable shall meet the following conditions: (1) the amount of grant receivable has been confirmed in a governmental document or can be reasonably estimated according to any officially issued measures for the management of financial support funds, without significant uncertainty in the estimated amount; (2) the measurement is based on the financial support projects and its measures for the management of financial support funds officially released and proactively disclosed by local fiscal authority according to the Government Information Disclosure Regulations, and the measures are inclusive (applicable to any eligible enterprise), other than for specific enterprises; (3) the relevant grant approval document has clearly stated the period of payment, and as the payment of the grant is guaranteed by corresponding fiscal budgets, there is reasonable assurance that the payment will be made within certain time of period; and (4) other relevant conditions should be met according to the actual situation of the Group and the grant (if any).

Asset-related government subsidies are recognized as deferred income, and shall be recorded in current profits and losses in stages according to a reasonable and systematic method within the service life of the relevant assets. If income-related government subsidies are received as compensation for related costs or losses in future periods, they are recognized as deferred income, and are recorded in current profits and losses during the period when the related costs or losses are recognized; those received as compensation for related costs or losses incurred are directly included in current profits and losses.

If a government subsidy contains an asset-related component and an income-related component, the two components are subject to separate accounting treatment. If it is difficult to distinguish them, the subsidy shall be classified as income-related government subsidies.

Government subsidies related to the daily operating activities of the Group shall be recorded in other income according to the nature of operating business. Government subsidies unrelated to the daily activities are recorded in non-operating income.

Where any recognized government subsidy needs to be returned, in the case of related deferred income balance, the carrying amount of the deferred income balance shall be written down, and any excess shall be recognized in the profit or loss of the current period. In other circumstances, the returned subsidy is directly recorded in the profit or loss of the current period.

34. Deferred tax assets/liabilities

(1) Current income taxes

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or returned) according to the requirements of tax laws. The taxable income as basis for the current income tax expense is calculated after appropriate adjustment is made to the pre-tax accounting profit of the year according to the requirements of tax laws.

(2) Deferred tax assets and liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax bases, or between the carrying amounts of those items that are not recognized as assets or liabilities and of which the tax bases can be determined according to tax laws and tax bases, deferred tax assets and liabilities are recognized using the balance sheet liability method.

For temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither accounting profits nor taxable profits (or deductible losses) at the time of transaction, no deferred tax liability is recognized. In addition, for the taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, no deferred tax liability is recognized. Except for the above exceptions, the Group recognizes deferred tax liabilities arising from all other taxable temporary differences.

For temporary differences associated with the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax assets are recognized. In addition, for the deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax assets shall not be recognized if it is not probable that the temporary difference will reverse in the foreseeable future, or if it is not probable that taxable profits will be available in the future against which the deductible temporary difference can be utilized. For the above exceptions, deferred tax assets for deductible temporary differences are recognized by the Group to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

For deductible losses and tax credits that can be carried forward to later years, the corresponding deferred tax assets are recognized to the extent that the future taxable income that can be used to offset the deductible losses and tax credits is likely to be obtained.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to be applicable when the asset is realized or the liability is settled.

On the balance sheet date, the carrying amount of deferred tax assets shall be reviewed. If it is unlikely to obtain sufficient taxable income in the future to offset against the profits arising from deferred tax assets, the carrying amount of the deferred tax assets shall be written down. When it is probable that sufficient taxable income will be available, such written-down amount shall be subsequently reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that current income taxes and deferred taxes arising from transactions or events recognized in other comprehensive income or directly recorded in shareholders' equity are recorded in other comprehensive income or shareholders' equity, and that deferred taxes arising from business combinations adjust the carrying amount of goodwill, all other current income taxes and deferred tax expenses or gains are recorded in the profit or loss of the current period.

(4) Income tax offset

When there is a legal right to settle on a net basis and the intention is to settle on a net basis or to realize assets and to settle liabilities simultaneously, the current income tax assets and current income tax liabilities of the Group are offset and presented as net amount.

When there is a legal right to settle current income tax assets and current income tax liabilities on a net basis, and the deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax administration department on the same tax payer or to different tax payers, but in each future period of reversing material deferred tax assets and liabilities, the tax payers involved intend to settle the current income tax assets and liabilities on a net basis or realize assets and settle liabilities at the same time, the deferred tax assets and deferred tax liabilities of the Group are offset and presented as net amount.

35. Lease

(1) Accounting treatment method of operating lease

For more information, see this section (3) - the determination method and accounting treatment method of leasing under the new leasing standard.

(2) Accounting treatment method of financial lease

For more information, see this section (3) - the determination method and accounting treatment method of leasing under the new leasing standard.

(3) The determination method and accounting treatment method of leasing under the new leasing standard

Lease refers to a contract under which a lessor assigns the right to use an asset to a lessee for consideration, for a defined period.

If a contract is signed or changed after the date of initial implementation, the Group considers, at the date of commencement or change, whether the contract is a lease or contains a lease. Except for changes in the terms and conditions of the contract, the Group will not re-consider whether the contract is a lease or contains a lease.

(1) The Group as lessee

① Right-of-use assets

Except for short-term leases and leases for low-value assets, the Group recognizes the right-of-use assets of a lease at the lease commencement date. The lease commencement date refers to the day from which the lessor offers the leased asset to the Group for its use. The right-of-use assets shall be initially measured at cost. The cost includes:

- A. initially measured amounts of lease liabilities;
- B. any lease payments made at or before the lease commencement date, less the relative amount of any lease incentives enjoyed if there are lease incentives;
- C. any initial direct costs incurred by the Group;
- D. an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms of the lease.

The Group calculates the right-of-use assets for depreciation with reference to the provisions of Accounting Standards for Business Enterprises No. 4 - Fixed Assets concerning depreciation. If the Group can reasonably determine that it will obtain the ownership of leased assets when the lease term expires, the right-of-use assets are depreciated over the remaining service life of the leased assets. If the Group cannot reasonably determine that it will obtain the ownership of leased assets when the lease term expires, the right-of-use assets are depreciated over the shorter of the lease term and the remaining service life of the leased assets.

The Group determines whether the right-of-use assets are impaired, and performs accounting treatment for recognized impairment loss according to the regulations of Accounting Standard for Business Enterprise No. 8 – Impairment of Assets.

② Lease liabilities

Except for short-term leases and leases for low-value assets, the Group initially measures the lease liabilities at the lease commencement date according to the present value of the lease payment not made as of that date. When measuring the present value of a lease payment, the Group uses the interest rate implicit in the lease as the discount rate, and adopts the incremental borrowing rate as the discount rate if the interest rate implicit in the lease is not determinable.

The lease payment refers to the amount paid by the Group to the lessor related to the right to use the leased assets during the lease term, including:

- A. The fixed amount and substantial fixed amount less the relative amount of any lease incentives enjoyed if there are lease incentives;
- B. The index or rate based variable amount which is determined at the time of initial measurement according to the index or rate prevailing at the lease commencement date;

- C. The exercise price of the call option when the Group reasonably decides to exercise the call option;
- D. The payment for exercising the option to terminate the lease, provided that it is reflected in the lease period that the Group will exercise the option to terminate the lease; and
- E. The estimated amount to be paid according to the residual value of guarantee provided by the Group.

Variable lease payments not included in the measurement of lease liabilities, when actually incurred, shall be recorded in the current profits and losses or related asset costs.

From the lease commencement date, the Group calculates the interest expense of lease liabilities for each period of the lease term at a fixed periodic interest rate and records it in current profits and losses or related asset costs.

After the lease commencement date, the Group will re-measure the lease liabilities and adjust the right-of-use assets if:

- A. In the case of any change to the lease term or the result of evaluation on the call option, the lease liabilities will be re-measured by the Group according to the changed lease payment and the present value calculated based on the modified discount rate.
- B. In the case of changes in the amount to be paid estimated based on the residual value of guarantee or the index or rate for calculating the lease payment, the Group will re-measure the lease liabilities according to the changed lease payment and the present value calculated from the original discounting rate.

③ Short-term leases and leases of low-value assets

For short-term leases and leases for low-value assets of buildings, transport vehicles, machinery equipment and office equipment, the Group chooses not to recognize right-of-use assets or lease liabilities. The short-term lease refers to the lease that does not contain the call option and has a lease period of no more than 12 months from the lease commencement date. The lease for low-value assets refers to the lease under which individual lease asset has a low value if it is brand new. In each period within the lease term, the Group records the lease payments of short-term leases and leases for low-value assets into the profit or loss of the current period or the relevant asset cost using the straight-line method.

④ Change of lease

When a lease changes and the following conditions are satisfied, the Group will treat such change as an independent lease:

- A. The Group expands the lease scope by acquiring the right to use one or more additional leased assets;
- B. The increased consideration is in line with the price of the expanded part of the lease scope as adjusted for the contract change.

If a lease change is not treated as an independent lease, at the effective date of the lease change, the Group will re-apportion the changed contract price, re-determine the lease term, and re-measure the lease liabilities according to the changed lease payment and the present value calculated based on the modified discount rate.

If the lease change narrows the lease scope or shortens the lease term, the Group will reduce the carrying value of the right-of-use assets accordingly, and record the gain or loss from the terminated or partially terminated lease in the profit or loss of the current period. If any other lease change triggers the re-measurement of the lease liabilities, the Group will adjust the carrying value of the right-of-use assets accordingly.

(2) The Group as lessor

① Division of a lease

If a contract contains the lease component and the non-lease component, the Group will apportion the contract consideration according to the provisions of Accounting Standards for Business Enterprises No. 14 - Revenue concerning the apportionment of trading price. And the basis for apportionment is the respective prices of the lease component and the non-lease component.

② Classification of a lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Leases which are not financing leases are defined as operating leases.

A. The Group as lessor under operating leases

The Group adopts the straight-line method in each period of the lease term, and recognizes the lease receipts arising from operating leases in rental income. The initial direct expenses related to an operating lease incurred by the Group are capitalized when incurred, apportioned during the lease term on the same recognition basis as rental income, and recorded in the current profit and loss by installments.

The variable lease payment received by the Group under an operating lease not included in the lease receipt is recorded in the profit or loss of the current period at the time of actual occurrence.

B. The Group as lessor under financial leases

At the lease commencement date, the Group measures the carrying value of the financing lease receivable as net lease investment, and de-recognizes the financing lease asset. The net lease investment is the sum of the unsecured residual value and the present value of the lease payment receivable at the lease commencement date discounted by the interest rate implicit in the lease.

The lease payment refers to the amount paid by the lessee as the Group transfers the right to use the leased assets during the lease term, including:

- (A). The fixed amount and substantial fixed amount paid by the lessee less the relative amount of any lease incentives received;
- (B). The lessee's index or rate based variable amount which is determined at the time of initial measurement according to the index or rate prevailing at the lease commencement date;
- (C). The exercise price of the call option when the Group reasonably decides that the lessee is to exercise the call option;
- (D). The payment made by the lessee for exercising the option to terminate the lease, provided that it is reflected in the lease period that the lessee will exercise the option to terminate the lease; and
- (E). The residual value of guarantee provided by the lessee, a party in association with the lessee and any independent third party who has economic capacity to perform the guarantee obligation.

Variable lease payment receivable not included in the measurement of lease net investment shall, when actually incurred, be included in the current profits and losses.

The Group measures and recognizes the interest income of each period within the lease term according to the fixed periodic interest rate.

③ Sublease

The Group as the sub-lessor considers the original lease and the sublease as two independent contracts. The Group classifies the sublease according to the right-of-use assets arising from the original lease, other than the underlying asset of the original lease.

④ Change of lease

If an operating lease changes, the Group will, from the effective date of the change, considers the change as a new lease, and the lease payment received in advance or receivable related to the lease before the change as new lease payments.

When a lease changes and the following conditions are satisfied, the Group will treat such change as an independent lease:

- A. The Group expands the lease scope by acquiring the right to use one or more additional leased assets;
- B. The increased consideration is in line with the price of the expanded part of the lease scope as adjusted for the contract change.

If a financing lease change is not treated as an independent lease, the Group will treat the changed lease as follows:

- A. Assuming that the change takes effect at the lease commencement date, and the lease is classified as an operating lease, the Group will, from the effective date of the lease change, consider the change as a new lease and the net lease investment prior to the effective date of the lease commencement as the carrying value of the leased asset;
- B. Assuming that the change takes effect on the lease commencement date, and the lease is classified as a financing lease, the Group will conduct accounting in accordance with the provisions of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments concerning the modification or re-negotiation of contract.

36. Specific reserve

According to the relevant regulations of the Ministry of Finance and the Ministry of Emergency Management, the Group accrues specific reserve for production safety. The specific reserve is mainly used for safety expenditure in the process of production and operation.

The provision for specific reserve is recognized as relevant cost or profit or loss for the current period, and it is also included in specific reserve. The specific reserve is written down when withdrawal of safety fund is of expense expenditure. If it is capital expenditure, the expenditure incurred is recorded in construction in progress and recognized as fixed assets when the project is completed and is ready for the intended use, and meanwhile, specific reserve is written down at the cost of the fixed assets and accumulated depreciation is recognized at the same amount. Consequently, such fixed assets are not depreciated in subsequent periods.

37. Other important accounting policies and accounting estimates

While using accounting policies, due to the uncertainty in operating activities, the Group needs to make judgment, estimates and assumptions on the carrying value of accounts which cannot be measured accurately. The judgment, estimates and assumptions are made based on the historical experience of the Group's management and other factors that are considered to be relevant. The judgments, estimates and assumptions would affect the reported amounts of incomes, expenses, assets and liabilities, as well as the disclosure of

contingent liabilities at the balance sheet date. However, the actual results from the uncertainty in the estimates may differ from the current estimates made by the Group's management, subject to further significant adjustments to the carrying amounts of the affected assets or liabilities.

The above judgments, estimates and assumptions will be reviewed periodically by the Group on the going-concern basis. If a change in accounting estimates only affects the period in which the change occurs, the affected amount will be recognized in the period in which the change occurs. If the change affects both the period in which the change occurs and future periods, the affected amount will be recognized in the period in which the change occurs.

At the balance sheet date, the major fields in which the Group is required to make the judgments, estimates and assumptions on the amounts in the financial statements are shown below:

(1) Revenue recognition

As stated in this Note V. 32. "Revenue", the Group's revenue recognition involves the following significant accounting judgments and estimates: identification of customer contracts; estimation of the recoverability of the considerations enjoyed due to the transfer of goods to customers; identification of performance obligations in contracts; estimation of the variable consideration in a contract and the amount of accumulated recognized income that is unlikely to be significantly reversed when the relevant uncertainty is eliminated; whether there is material financing component in a contract; estimation of separate selling prices of individual performance obligations in a contract; determination on whether the performance obligation shall be performed in a time span or at a point of time; and determination of performance progress.

The Group makes judgments based on historical experience and practices, and major changes in judgments and estimates would have impact (and even significant impact) on the change of operating income, operating cost, and profit and loss during the current or future periods.

(2) Lease

① Identification of a lease

While identifying that a contract is or contains a lease, the Group needs to assess whether there is an identified asset and the customer has the right to use the asset for a certain period. During assessment, the Groups shall consider the nature or substantial replacement of the asset, and whether the customer has the right to obtain almost all economic benefits arising from the use of the asset during the period and can control the use of the asset.

② Classification of a lease

The Group as the lessor classifies leases into operating leases and financing leases. In the classification process, the management needs to make appropriate analysis and judgment on whether all risks and rewards related to the ownership of leased assets have been substantially transferred to the lessee.

③ Lease liabilities

The Group, as a lessee, initially measures the lease liabilities at the present value of lease payments that are unpaid at the lease commencement date. For measuring the present value of the lease payment, the Group estimates the discounting rate in use and the lease term of the lease contract with an option of renewal or termination. For assessing the lease term, the Group considers all the facts and circumstances related to the economic benefits brought by the exercise of the option by the Group, including expected changes in the facts and circumstances from the lease commencement date to the option exercise date. Different judgments and estimates would affect the recognition of lease liabilities and right-of-use assets and further affect the profit or loss of subsequent periods.

(3) Impairment of financial assets

The Group assesses impairments of financial instruments using the expected credit loss model, where the Group is required to make significant judgments and estimates, as well as consider all reasonable and evidence-based information, including forward-looking information. In making the judgments and estimates, the Group predicts expected changes in debtor's credit risk based on historical data, as well as economic policies, macroeconomic indicators, industry risks, external market conditions, technical conditions, changes in customer conditions and other factors.

(4) Provisions for the decline in value of inventories

Under accounting policies for inventories, the Group measures inventories according to the lower of cost and net realizable value. For the inventories with cost higher than net realizable value as well as obsolete and unsalable inventories, the Group calculates provisions for the impairment of inventories. The inventories are impaired to their net reliable value, depending on the assessment of salability of inventories and their net realizable value. To identify inventory impairment, the management is required to make judgments and estimates after obtaining conclusive evidence, as well as considering the purpose of inventories held, the impact of events occurring

after the balance sheet date and other factors. Any difference between actual results and prior estimates will, in the period when relevant estimates are changed, affect the carrying amount of inventories and the provision for inventory impairment or reversal thereof.

(5) Fair value of financial instruments

If there is no financial instrument in an active trading market, its fair value is determined by the Group through various valuation methods. The valuation techniques include disclosed cash flow modeling, etc. In the valuation process, the Group needs to estimate future cash flow, credit risk, market volatility and correlation, etc. and choose an appropriate discounting rate. These relevant assumptions are uncertain, and their changes would affect the fair value of financial instruments. For equity instrument investments or contracts with public quotes, the Group will not regard costs as the best fair value estimate.

(6) Impairment provision for long-term assets

For non-current assets other than financial assets, the Group will, at the balance sheet date, judge whether there is an indication of impairment. For intangible assets with an uncertain service life, the impairment test will be carried out annually and when there is an indication of impairment. The impairment test will be carried out for non-current assets other than financial assets, when there is an indication that the carrying amount cannot be recovered.

When the carrying value of an asset or group of assets is higher than the recoverable amount, the higher of the net of the fair value less disposal costs and the present value of estimated future cash flows represents the impairment.

The net of the fair value less disposal costs is determined by the sales agreement price or observable market price of similar assets in fair trade reduced by incremental costs directly attributable to the disposal of the asset.

Important judgments shall be made on the output, selling price, related operating costs and discount rate used in calculating present value of the asset (or a group of assets) in estimation of present value of future cash flows. When estimating the recoverable amount, the Group uses all relevant information available, including the output, selling price and related operating costs predicted on the basis of reasonable and evidence-based assumptions.

The Group tests goodwill for any impairment annually at least. This requires estimating the present value of future cash flows of an asset group or group portfolio to which goodwill has been allocated. When estimating the present value of future cash flows, the Group needs to predict cash flows generating from an asset group or group portfolio in the future, and chooses an appropriate discount rate to determine the present value of future cash flows.

(7) Depreciation and amortization

The Group depreciates and amortizes investment properties, fixed assets and intangible assets over their respective service life, using the straight-line method, with their respective residual value taken into account. The Group periodically reviews the service life of assets to determine the amounts of depreciation and amortization expenses for each reporting period. The service life is determined by the Group based on its historic experience acquired on similar assets and expected technical developments. For significant changes in prior estimates, depreciation and amortization expenses will be adjusted in the coming periods.

(8) Development costs

When determining capitalized amounts, the Group's management needs to assume estimated future cash flows, appropriate discount rates and expected return periods of relevant assets.

The Group's management believes that the products with its self-developed proprietary technology have a broad market and good prospects, and the market reaction to the products produced with these intangible assets also supports the management's pre-estimated income arising from the project. However, the increasing competition makes the management reconsider the assumptions about market share and estimated gross profits of the products. After a thorough review, the Group's management believes that the carrying value of intellectual properties can be fully recovered notwithstanding a lowered rate of return of the products. The Group will continue to keep close attention on relevant developments. Once there is an indication that it is necessary to adjust the assumptions of relevant accounting estimates, the Group will make adjustment in the period when that indication appears.

(9) Deferred tax assets

To the extent that it is likely that there will be sufficient taxable profits to cover the losses, the Group recognizes deferred tax assets for all unused tax losses. In this case, the Group's management shall make important judgments to estimate the time and amount of future taxable profits and, by taking into account of its tax plan, to determine the amount of deferred tax assets that should be recognized.

(10) Income tax

In normal operating activities of the Group, there are some transactions with certain uncertainties in final tax treatment and calculation. Tax deductible expenses for some items are subject to review and approval by tax authority. Any difference between final results and initially estimated amounts due to these tax matters exerts impact on income taxes and deferred taxes of the period when the final results are determined.

38. Changes in important accounting policies and accounting estimates

(1) Important changes in accounting policy

Applicable Not applicable

Contents and causes of changes in accounting policy	Approval procedure	Notes
On December 30, 2021, the Ministry of Finance issued the Notice on Issuing the Interpretation No. 15 of the Accounting Standards for Business Enterprises (Finance and Accounting [2021] No. 35); on November 30, 2022, it issued the Notice on Issuing the Interpretation No. 16 of the Accounting Standards for Business Enterprises (Finance and Accounting [2022] No. 31). In accordance with the above provisions, the Company will make corresponding changes to the original accounting policies and implement them on the prescribed starting date.	1. Changes in national policy requirements; 2. The Company held the 4th meeting of the 6th Board of Directors and the 4th meeting of the 6th Board of Supervisors on April 17, 2023, reviewed and approved the Proposal on Changes in Accounting Policy. The independent directors expressed their independent opinions on this matter. In accordance with relevant provisions of Rules Governing the Listing of Shares on Shenzhen Stock Exchange and Articles of Association, this issue of changes in accounting policy was submitted to the Board of Directors to review and approve, without the need of the submission to the Shareholders' Meeting.	The above changes in accounting policy have no significant impact on the financial statements of the Group and the Company.

(2) Changes in important accounting estimates

Applicable Not applicable

39. Others

None

VI. Taxable Items

1. Main tax types and rates

Tax types	Taxation basis	Tax rate
VAT	Output taxes on taxable income shall be calculated at the rate of 13%, 9% and 6%, and value added taxes are calculated and paid according to the difference resulting from the deduction of the allowed deductible input tax in the period.	13%, 9%, 6%
City maintenance and construction tax	7% and 5% of actually-paid turnover tax	7%、5%
Enterprise income tax	15% or 25%, for overseas subsidiaries, the tax shall be paid according to the statutory tax rate of the country or region where it is located.	25%、15%
Education surcharge	3% of the amount of actually-paid turnover tax	3%
Local education surcharges	2% of the amount of actually-paid turnover tax	2%

Disclose the specific information in the case of tax payers with different tax rates of enterprise income tax

Name of taxpayer	Rate of income tax
Goertek Inc.	15%
Weifang Goertek Electronics Co., Ltd.	15%
Goertek Microelectronics Inc.	15%
Qingdao Goertek Microelectronics Research Institute Co., Ltd.	25%
Qingdao Goertek Intelligent Sensor Co., Ltd.	15%
Weifang Goertek Microelectronics Co., Ltd.	15%
Rongcheng Goertek Microelectronics Co., Ltd.	15%
Beijing Goertek Microelectronics Co., Ltd.	2.5%
Shenzhen Goertek Microelectronics Co., Ltd.	25%
Wuxi Goertek Microelectronics Co., Ltd.	25%
Shanghai Goertek Microelectronics Co., Ltd.	25%
Goertek Microelectronics Holdings Co., Ltd.	16.5%
Goertek Microelectronics (Hong Kong) Co., Ltd.	16.5%
GOERTEK MICROELECTRONICS CORPORATION	The federal tax rate for enterprise income tax is 21%, and the local enterprise income tax rate in California is 8.84%.
GOERTEK MICROELECTRONICS KOREA CO., LTD.	Corporation tax: Tax rate shall be 10% if the income is less than KRW 200 million; 20% if the income is KRW 200 million-20 billion; 22% if the income is KRW 20 billion-300 billion; and 25% if the income is more than KRW 300 billion. local corporation tax: 10% of taxable income
Goertek Microelectronics Vietnam Company Limited	20%
Weifang Goertek Trading Co., Ltd.	25%
Yishui Goertek Electronics Co., Ltd.	25%
Yili Precision Manufacturing Co., Ltd.	15%
Weifang Goertek Communication Technology Co., Ltd.	25%
Goertek Optical Technology Co., Ltd	15%
Goertek Technology Co., Ltd.	15%
Beijing Goertek Technology Co., Ltd.	15%
Qingdao Goertek Acoustics Technology Co., Ltd.	25%
Shenzhen Goertek Technology Co., Ltd.	15%
Shanghai Goertek Technology Co., Ltd.	25%
Nanjing Goertek Technology Co., Ltd.	25%
Weifang Lokomo Precision Industry Co., Ltd.	15%
Goertek Investment Co., Ltd.	25%
Beijing Goertek Investment Management Co., Ltd.	25%
Olive Smart Hardware Investment Center LP	--
Dongguan JoyForce Precision Manufacturing Co., Ltd.	15%
Goertek Intelligence Technology Co., Ltd.	15%
Rongcheng Goertek Technology Co., Ltd.	25%
Qingdao Goertek Commercial Factoring Co., Ltd.	25%
Kunshan Goertek Electronics Co., Ltd	15%
Nanning Goertek Electronics Co., Ltd	25%
Nanning Goertek Trading Co., Ltd.	25%
Xi'an Goertek Electronic Technology Co., Ltd.	15%

Yishui TECO Electronic Technology Co., Ltd.	25%
Goertek Optical Technology (Qingdao) Co., Ltd	25%
Goertek Optical Technology (Shanghai) Co., Ltd	25%
Qingdao Resonance Phase I Venture Capital Fund Partnership (Limited Partnership)	--
Weifang Goertek Electronics Co., Ltd.	25%
Qingdao Goertek Horizons Technology Co., Ltd	25%
Weifang High-tech Zone Goertek Education Center	25%
Goertek Vina Co., Ltd	20%
Goertek Technology Korea Co., Ltd.	Corporation tax: Tax rate shall be 10% if the income is less than KRW 200 million; 20% if the income is KRW 200 million-20 billion; 22% if the income is KRW 20 billion-300 billion; and 25% if the income is more than KRW 300 billion. local corporation tax: 10% of taxable income
Goertek (HongKong) Co., Limited	The tax rate of 8.25% is applied to the taxable profit which does not exceed HKD 2,000,000, and the tax rate of 16.5% is applied to the part of taxable profit which exceeds HKD 2,000,000.
Goertek Technology Vina Company Limited	20%
Goertek Precision Industry Vietnam Company Limited	20%
GoerTek Audio Technologies Aps	22%
Goertek Seiki Technology Co., Ltd.	38%
Optimas Capital Partners Fund LP	--
Goertek Electronics, Inc.	The federal tax rate for enterprise income tax is 21%, and the local enterprise income tax rate in California is 8.84%.
Goertek Technology Taiwan Co., Ltd.	20%
Goertek Technology Japan Co., Ltd.	38%
Goertek Technology (Hong Kong) Co., Limited	16.5%

Other explanations:

Shanghai Ganyuzhi Technology Co., Ltd. changed its name to Shanghai Goertek Microelectronics Co., Ltd. on November 3, 2022.

2. Tax incentives

(1) According to the Reply on the Filings of the First Batch of High-Tech Enterprises in Shandong Province in 2020 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises, the Company and its subsidiaries, Weifang Goertek Electronics Co., Ltd. and Weifang Goertek Microelectronics Co., Ltd., have been recognized as high-tech enterprises for a 3-year validity period, and their preferential period for enterprise income tax is from January 1, 2020 to December 31, 2022. The enterprise income tax rate of 15% applied to the Company and its subsidiaries, Weifang Goertek Electronics Co., Ltd. and Weifang Goertek Microelectronics Co., Ltd., for year 2022.

(2) According to the Announcement on Filing the First Batch of High-Tech Enterprises in Qingdao in 2022, issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 6, 2023, Goertek Microelectronics Inc., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2022 to December 31, 2024. The enterprise income tax rate of 15% applied to Goertek Microelectronics Inc. for year 2022.

(3) According to the Reply on the Filings of High-Tech Enterprises in Qingdao City in 2020, issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 15, 2021, a subsidiary, Qingdao Goertek Intelligent Sensor Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2020 to December 31, 2022. The enterprise income tax rate of 15% applied to the subsidiary, Qingdao Goertek Intelligent Sensor Co., Ltd., for year 2022.

- (4) According to the Announcement on Filing the First Batch of High-Tech Enterprises in Shandong Province in 2022, issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 4, 2023, two subsidiaries, Rongcheng Goertek Microelectronics Co., Ltd. and Yili Precision Manufacturing Co., Ltd., have been recognized as a high-tech enterprise for a validity period of 3 years, and the preferential period for enterprise income tax is from January 1, 2022 to December 31, 2024. The enterprise income tax rate of 15% applied to Rongcheng Goertek Microelectronics Co., Ltd. and Yili Precision Manufacturing Co., Ltd. for year 2022.
- (5) According to the Announcement on Filing the First Batch of High-Tech Enterprises in Shandong Province in 2021 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 4, 2022, a subsidiary, Goertek Optical Technology Co., Ltd, has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2021 to December 31, 2023. The enterprise income tax rate of 15% applied to the subsidiary, Goertek Optical Technology Co., Ltd, for year 2022.
- (6) According to the Announcement on Filing the First Batch of High-Tech Enterprises in Qingdao in 2022 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 14, 2022, Goertek Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2022 to December 31, 2024. The enterprise income tax rate of 15% applied to the subsidiary, Goertek Technology Co., Ltd., for year 2022.
- (7) According to the Reply on the Filings of the Third Batch of High-Tech Enterprises in Beijing City in 2020 (GKHZ [2021] No.37), issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 22, 2021, a subsidiary, Beijing Goertek Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2020 to December 31, 2022. The enterprise income tax rate of 15% applies to the subsidiary, Beijing Goertek Technology Co., Ltd., for year 2022.
- (8) According to the Announcement on Filing the First Batch of High-Tech Enterprises in Shenzhen in 2022 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 19, 2022, a subsidiary, Shenzhen Goertek Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2022 to December 31, 2024. The enterprise income tax rate of 15% applied to the subsidiary, Shenzhen Goertek Technology Co., Ltd., for year 2022.
- (9) According to the Notice on Publishing a List of the Second Batch of High-Tech Enterprises to be Recognized in Shandong Province in 2020 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 8, 2020, Weifang Lokomo Precision Industry Co., Ltd., a subsidiary of the Company, has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2020 to December 31, 2022. The enterprise income tax rate of 15% applied to the subsidiary, Weifang Lokomo Precision Industry Co., Ltd. for year 2022.
- (10) According to the Notice on Publishing the Filings of the Second Batch of High-Tech Enterprises in Guangdong Province in 2021 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 20, 2021, Dongguan JoyForce Precision Manufacturing Co., Ltd., a subsidiary of the Company, has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2021 to December 31, 2023. The enterprise income tax rate of 15% applies to the subsidiary, Dongguan JoyForce Precision Manufacturing Co., Ltd. for year 2022.
- (11) According to the Announcement on Filing the Second Batch of High-Tech Enterprises in Guangdong Province in 2022 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 22, 2022, Goertek Intelligence Technology Co., Ltd., a subsidiary of the Company, has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2022 to December 31, 2024. The enterprise income tax rate of 15% applied to the subsidiary, Goertek Intelligence Technology Co., Ltd., for year 2022.
- (12) According to the Notice on Publishing a List of the Second Batch of Proposed Recognized High-Tech Enterprises in Jiangsu Province in 2021 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on November 30, 2021, Kunshan Goertek Electronics Co., Ltd, a subsidiary of the Company, has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2021 to December 31, 2023. The enterprise income tax rate of 15% applied to the subsidiary, Kunshan Goertek Electronics Co., Ltd, for year 2022.
- (13) According to the Reply on the Filings of the First Batch of High-Tech Enterprises in Shaanxi Province in 2022 (GKHZ [2022] No. 170) issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on November 14, 2022, Xi'an Goertek Electronic Technology Co., Ltd., a subsidiary of the Company, has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2022 to December 31, 2024. The enterprise income tax rate of 15% applied to the subsidiary, Xi'an Goertek Electronic Technology Co., Ltd., for year 2022.

(14) Goertek (HongKong) Co., Limited is an entity eligible for the two-tier profit tax system. The tax rate of 8.25% is applied to the taxable profit which does not exceed HKD 2,000,000, and the tax rate of 16.5% is applied to the part of taxable profit which exceeds HKD 2,000,000.

(15) According to the Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (Announcement No.12/2021 of the Ministry of Finance and the State Taxation Administration) and the Announcement of the State Taxation Administration on Matters Concerning the Implementation of Preferential Income Tax Policies Supporting the Development of Small Low-Profit Enterprises and Individual Industrial and Commercial Households (Announcement No.8/2021 of the State Taxation Administration), from January 1, 2021 to December 31, 2022, for small and low-profit enterprises, the portion of annual taxable income not exceeding 1 million yuan shall be included in the taxable income at a rate of 12.5%, and enterprise income tax will be levied at the rate of 20%. The above preferential tax policies are applicable to the subsidiary, Beijing Goertek Microelectronics Co., Ltd., and enterprise income tax is levied at the actual tax rate of 2.5% in 2022.

(16) According to the laws of Vietnam, GOERTEK MICROELECTRONICS VIETNAM COMPANY LIMITED, a subsidiary of the Company, enjoys tax exemption for 4 years and a 50% reduction of payable tax amounts for 9 subsequent years. The preferential CIT rate is 10% for 15 years from the first year of income generation. At the same time, starting from the first profitable year (after making up for the losses of previous years), the first to fourth years are exempt from corporate income tax, and the fifth to thirteenth years are subject to a 50% reduction in corporate income tax. If the enterprise has no taxable profit within three years from the start of tax incentive activities, the tax holiday and tax reduction period will be calculated from the fourth year of operation. The subsidiary is exempt from corporate income tax in 2022.

3. Others

None

VII. Notes to consolidated financial statements

1. Cash at bank and on hand

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	33,671.21	160,703.83
Bank deposits	11,290,088,881.75	9,137,740,198.21
Other monetary capital	1,392,748,538.84	910,620,794.05
Total	12,682,871,091.80	10,048,521,696.09
Including: Total amounts deposited abroad	1,370,158,074.20	1,091,856,806.03
The total funds restricted by mortgage, pledge or freeze are as follows:	1,392,748,538.84	910,620,794.05

Other explanations:

Other monetary funds at the end of the period mainly involve notes, bonds and L/C margins.

2. Financial assets held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit and loss	338,662,097.66	119,267,279.02
Including:		
Investments in equity instruments	152,722,198.06	98,804,286.66
Derivative financial assets	185,939,899.60	20,462,992.36
Total	338,662,097.66	119,267,279.02

3. Notes receivable

(1) Notes receivable listed by classification

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance notes	25,847,492.24	48,384,771.72
Commercial acceptance notes		1,709,928.75
Total	25,847,492.24	50,094,700.47

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Notes receivable with bad debt reserves by group	25,847,492.24	100.00%			25,847,492.24	50,094,700.47	100.00%			50,094,700.47
Including:										
Bank acceptance notes	25,847,492.24	100.00%			25,847,492.24	48,384,771.72	96.59%			48,384,771.72
Commercial acceptance notes						1,709,928.75	3.41%			1,709,928.75
Total	25,847,492.24	100.00%			25,847,492.24	50,094,700.47	100.00%			50,094,700.47

If the provision for bad debts on notes receivable is based on the general model of expected credit losses, please disclose information about the provision for bad debts by referring to the disclosure of other receivables:

Applicable Not applicable

(2) Accrual, recovery or return of bad debt reserve in current period

None

(3) Notes receivable pledged at the end of the period

Unit: RMB

Item	Amount pledged at the end of the period
Bank acceptance notes	5,848,815.01
Total	5,848,815.01

Other explanations:

A note pledge is a splitting of a large denomination note into multiple banker's acceptance bills in small denomination.

(4) Notes receivable endorsed or discounted by the Group at the end of the period and not yet due on the balance sheet date

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance notes	2,371,001.15	
Total	2,371,001.15	

(5) Notes that have been transferred to accounts receivable by the Group at the end of the period due to the non-performance of the contract of the drawer

None

(6) Notes receivable actually written off in the current period

None

4. Accounts receivable

(1) Accounts receivable disclosed by classification

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Accounts receivable with bad debts reserves by group	14,545,194,129.78	100.00%	149,013,346.85	1.02%	14,396,180,782.93	12,025,540,710.73	100.00%	126,326,184.81	1.05%	11,899,214,525.92
Including:										
Accounts receivable aging group	14,310,390,851.16	98.39%	147,839,330.46	1.03%	14,162,551,520.70	11,857,375,456.09	98.60%	125,485,358.54	1.06%	11,731,890,097.55
Portfolio of factoring receivables	234,803,278.62	1.61%	1,174,016.39	0.50%	233,629,262.23	168,165,254.64	1.40%	840,826.27	0.50%	167,324,428.37
Total	14,545,194,129.78	100.00%	149,013,346.85	1.02%	14,396,180,782.93	12,025,540,710.73	100.00%	126,326,184.81	1.05%	11,899,214,525.92

Bad debt reserves on a group basis: Accounts receivable aging group

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Within 1 year	14,298,053,717.77	142,980,537.18	1.00%
1 to 2 years	10,227,450.14	3,068,235.02	30.00%
2 to 3 years	638,249.98	319,124.99	50.00%
Over 3 years	1,471,433.27	1,471,433.27	100.00%
Total	14,310,390,851.16	147,839,330.46	

Description for basis of determining the group:

For further details, please see Note V. 10. "Impairment of financial assets".

Provision for bad debts by group: portfolio of factoring receivables

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Undue	234,803,278.62	1,174,016.39	0.50%
Overdue 1-90 days			
Overdue 91-180 days			
Overdue 181-360 days			
Overdue more than 360 days			
Total	234,803,278.62	1,174,016.39	

Description for basis of determining the group:

For further details, please see Note V. 10. "Impairment of financial assets".

If the provision for bad debts on accounts receivable is based on the general model of expected credit losses, please disclose information about the provision for bad debts by referring to the disclosure of other receivables:

 Applicable Not applicable

Disclosed by age of accounts receivable

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	14,532,856,996.39
1 to 2 years	10,227,450.14
2 to 3 years	638,249.98
Over 3 years	1,471,433.27
3 to 4 years	1,397,650.48
4 to 5 years	0.00
Over 5 years	73,782.79
Total	14,545,194,129.78

(2) Accrual, recovery or return of bad debt reserve in current period

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	Withdrawal or write-back	Write-off	Other	
Accounts receivable with bad debts reserves by group	126,326,184.81	16,834,146.02			-5,853,016.02	149,013,346.85
Total	126,326,184.81	16,834,146.02			-5,853,016.02	149,013,346.85

Among them, significant information of bad debt reserves withdrawn or written back in the current period:

None

Other explanations:

Bad debt provision for factoring receivables accrued, reversed or recovered during the period

Bad-debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss over the next 12 months	Expected credit loss for the entire duration (credit impairment not occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance at the end of the previous year	840,826.27			840,826.27
In the current period, the balance at the end of the previous year:				
- Transferred to second stage				
- Transferred to third stage				
- Reversed to second stage				
- Reversed to first stage				
Accrual in the current period	333,190.12			333,190.12
Current reverse				
Current resale				
Amount written off in the current period				
Other changes				
Closing balance	1,174,016.39			1,174,016.39

(3) Accounts receivable actually written off in current period

None

(4) Accounts receivable of the 5 highest closing balance by debtor

Unit: RMB

Company name	Closing balance of accounts receivable	Proportion of total closing balance of accounts receivable	Closing balance of bad debt provision
Customer 1	6,320,677,712.98	43.46%	63,206,777.13
Customer 2	1,852,535,914.15	12.74%	18,525,359.14
Customer 3	882,328,281.57	6.07%	8,823,282.81
Customer 4	868,620,745.78	5.97%	8,686,207.46
Customer 5	835,789,178.64	5.74%	8,357,891.79
Total	10,759,951,833.12	73.98%	

(5) Amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

None

(6) Accounts receivable derecognized due to transfer of financial assets

Unit: RMB

Transfer method of financial assets	Amount of accounts receivable recognized at the end of the period	Gains or losses related to derecognition
Buyout factoring	5,303,127,647.05	-23,037,232.06

5. Financing receivables

Unit: RMB

Item	Closing balance	Opening balance
Notes receivable	22,375,874.12	14,575,230.24
Total	22,375,874.12	14,575,230.24

Changes in the current period of financing receivables and changes in fair value

Applicable Not applicable

If the provision for impairment of financing receivables is accrued according to the general model of expected credit loss, please refer to the disclosure methods for other receivables when disclosing information related to provision for impairment:

Applicable Not applicable

6. Advances to suppliers

(1) Presentation of advances to suppliers by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	50,645,746.34	99.98%	85,353,901.12	87.50%
1 to 2 years	10,407.09	0.02%	12,190,916.86	12.50%
Total	50,656,153.43		97,544,817.98	

Explanation of reasons why advances to suppliers aged more than 1 year with significant amount are not settled in time:

None

(2) Advance payment in the five highest closing balance by seller

Company name	Book balance (RMB)	Percentage of total balance of prepayment (%)
Company 1	7,987,275.00	15.77
Company 2	6,666,720.00	13.16
Company 3	5,847,378.37	11.54
Company 4	3,869,299.47	7.64
Company 5	2,306,248.20	4.55
Total	26,676,921.04	52.66

7. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	96,442,803.18	374,669,355.98
Total	96,442,803.18	374,669,355.98

(1) Interest receivable

None

(2) Dividends receivable

None

(3) Other receivables**1) Classification of other receivables by nature of payment**

Unit: RMB

Nature of payment	Closing book balance	Opening book balance
Tax refund for export receivable	1,541,663.86	107,739,537.40
Security deposit	56,247,217.13	90,839,988.55
Current account	9,261,136.47	164,646,290.05
Withholding and remitting social insurance and housing provident fund	53,852,019.34	39,293,343.86
Other	572,915.09	815,580.66
Total	121,474,951.89	403,334,740.52

2) Provision for bad debts

Unit: RMB

Bad-debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss over the next 12 months	Expected credit loss for the entire duration (credit impairment not occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as of January 1, 2022:	28,665,384.54			28,665,384.54
Balance as of January 1, 2022 in the current period				
- Transferred to third stage	-894,232.57		894,232.57	
Accrual in the current period	-3,024,992.01		411,441.91	-2,613,550.10
Amount written off in the current period			970,882.57	970,882.57
Other changes	48,803.16			48,803.16
Balance as of December 31, 2022:	24,697,356.80		334,791.91	25,032,148.71

Significant changes in the carrying value of changes in the allowances for losses in the current period

 Applicable Not applicable

Disclosed by age of accounts receivable

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	84,047,670.81
1 to 2 years	10,851,113.92

2 to 3 years	11,279,658.86
Over 3 years	15,296,508.30
3 to 4 years	3,010,094.34
4 to 5 years	6,358,648.54
Over 5 years	5,927,765.42
Total	121,474,951.89

3) Accrual, recovery or return of bad debt reserve in current period

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	Withdrawal or write-back	Write-off	Other	
Accounts receivable with bad debts reserves by group	28,665,384.54	-2,613,550.10		970,882.57	48,803.16	25,032,148.71
Total	28,665,384.54	-2,613,550.10		970,882.57	48,803.16	25,032,148.71

Among them, significant amount in bad debt reserves written back or withdrawn in the current period:

None

4) Other receivables actually written off in the current period

Unit: RMB

Item	Written off amount
Other receivables actually written off	970,882.57

Among them, write-off of other significant receivables:

None

5) Other receivables of the 5 highest closing balance by debtor

Unit: RMB

Company name	Nature of payment	Closing balance	Aging	Ratio in the total closing balance of other receivables	Closing balance of bad debt provision
1	Withholding and remitting social insurance and housing provident fund	53,852,019.34	Within 1 year	44.34%	538,520.19
2	Security deposit	6,634,710.00	Over 3 years	5.46%	6,634,710.00
3	Earnest money	6,522,194.38	Over 3 years	5.37%	6,522,194.38
4	Security deposit	6,213,130.31	2-3 years	5.11%	3,106,565.16
5	Earnest money	6,000,000.00	Within 1 year, 1-2 years	4.94%	930,000.00
Total		79,222,054.03		65.22%	17,731,989.73

6) Other receivables involving government subsidies

None

7) Other receivables derecognized due to transfer of financial assets

None

8) Amount of assets and liabilities formed by transferring other receivables and continuing to be involved

None

8. Inventories

Whether the Company needs to comply with disclosure requirements of real estate industry

No

(1) Inventory classification

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory falling price reserves or provision for impairment of contract performance cost	Book value	Book balance	Inventory falling price reserves or provision for impairment of contract performance cost	Book value
Raw materials	6,446,001,906.31	258,676,409.56	6,187,325,496.75	5,166,920,234.13	110,350,236.94	5,056,569,997.19
Products in process	2,676,387,256.76	565,750,473.85	2,110,636,782.91	2,315,184,723.77	59,814,311.48	2,255,370,412.29
Goods in stock	8,733,573,211.28	246,557,267.39	8,487,015,943.89	4,408,510,122.04	59,150,749.51	4,349,359,372.53
Revolving materials	563,692,521.03		563,692,521.03	421,008,703.37		421,008,703.37
Total	18,419,654,895.38	1,070,984,150.80	17,348,670,744.58	12,311,623,783.31	229,315,297.93	12,082,308,485.38

(2) Inventory falling price reserves or provision for impairment of contract performance cost

Unit: RMB

Item	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Accrual	Other	Write-back or resale	Other	
Raw materials	110,350,236.94	349,831,755.11		201,853,198.93	-347,616.44	258,676,409.56
Products in process	59,814,311.48	601,865,519.43		97,356,053.87	-1,426,696.81	565,750,473.85
Goods in stock	59,150,749.51	251,582,163.71		68,213,059.58	-4,037,413.75	246,557,267.39
Total	229,315,297.93	1,203,279,438.25		367,422,312.38	-5,811,727.00	1,070,984,150.80

(3) Explanation of the closing balance of inventory containing the capitalized amount of borrowing costs

None

(4) Explanation of amortization amount of contract performance cost in current period

None

9. Current portion of non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Current portion of non-current assets	70,302,566.25	
Total	70,302,566.25	

Significant debt investments/other debt investments

None

10. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Input tax retained for VAT	288,229,492.06	326,273,163.10
Input tax to be verified and to be deducted	74,879,772.45	129,974,831.71
Advance payment of enterprise income tax	152,235,755.00	6,833,590.83
Other	15,646,416.05	12,690,641.96
Total	530,991,435.56	475,772,227.60

11. Long-term equity investments

Unit: RMB

Invested entity	Opening balance (book value)	Increase or decrease in the current period								Closing balance (book value)	Closing balance of impairment provision
		Investment addition	Investment reduction	Recognized investment gain and loss under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends or profits declared	Provision for impairment reserve	Other		
I. Joint Venture											
II. Affiliated enterprises											
AKM Industrial Company Limited	318,147,443.07		325,487,199.68	9,868,272.14	-15,493,341.86		4,520,134.39			-17,484,960.72	
Qingdao Virtual Reality Institute Co., Ltd.	39,212,455.60			1,135,734.37							38,076,721.23
Enkris Semiconductor Inc.	80,042,305.24	50,000,000.00		1,260,535.68			-676,054.19				130,626,786.73
Beijing Uphoton Technology Co., Ltd.		200,000,000.00		7,694,836.13							192,305,163.87

Sub-total	437,402,203.91	250,000,000.00	325,487,199.68	2,298,237.32	-15,493,341.86	676,054.19	-4,520,134.39	-	17,484,960.72	361,008,671.83	-
Total	437,402,203.91	250,000,000.00	325,487,199.68	2,298,237.32	-15,493,341.86	676,054.19	-4,520,134.39	-	17,484,960.72	361,008,671.83	-

12. Investments in other equity instruments

Unit: RMB

Item	Closing balance	Opening balance
Investment projects of the Fund Company	399,417,490.79	318,163,764.54
Mobvoi Inc.	139,292,000.00	127,514,000.00
Shenzhen New Radio Technology Co., Ltd.	20,000,000.00	20,000,000.00
Nanjing Xinshijie Microelectronics Technology Co., Ltd.	50,000,000.00	
KOLMOSTAR (CAYMAN) LIMITED	34,823,000.00	
EMPOWER SEMICONDUCTOR, INC.	55,716,771.45	
Total	699,249,262.24	465,677,764.54

Disclose investments in non-trading equity instruments of the period by item

Unit: RMB

Name of project	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to undistributed profits	Reasons for designation of financial assets at fair value through other comprehensive income	Reasons for other comprehensive income transferred to undistributed profits
Investment projects of the Fund Company		63,867,720.18		54,204,866.03	Non-trading equity instrument	Disposal of equity
Mobvoi Inc.					Non-trading equity instrument	
Shenzhen New Radio Technology Co., Ltd.					Non-trading equity instrument	
Nanjing Xinshijie Microelectronics Technology Co., Ltd.					Non-trading equity instrument	
KOLMOSTAR (CAYMAN) LIMITED					Non-trading equity instrument	
EMPOWER SEMICONDUCTOR, INC.					Non-trading equity instrument	
Total		63,867,720.18		54,204,866.03		

Other explanations:

The accumulative gain from the disposal of the equity held by the fund company is RMB 93,489,685.96, of which RMB 54,204,866.03 is transferred to undistributed profits, and equity attributable to other partners of the fund company is RMB 39,284,819.93.

13. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Financial assets classified as measured at fair value with changes recorded in current profits and losses	318,661,575.31	201,430,042.13
Total	318,661,575.31	201,430,042.13

14. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	21,459,756,268.25	18,123,352,480.76
Total	21,459,756,268.25	18,123,352,480.76

(1) Overview of fixed assets

Unit: RMB

Item	Houses and buildings	Production equipment	Test equipment	Office equipment	Transportation equipment	Total
I. Original book value:						
1. Opening balance	8,908,580,031.83	14,760,235,631.60	2,270,622,048.27	627,324,825.83	23,392,392.51	26,590,154,930.04
2. Amount increased in current period	954,037,962.29	5,342,238,805.29	653,888,026.10	143,902,249.49	1,442,342.86	7,095,509,386.03
(1) Purchase	28,931,306.90	1,738,835,094.71	232,984,667.73	135,329,066.20	1,376,826.86	2,137,456,962.40
(2) Transfer from construction in progress	822,311,194.19	3,484,350,588.69	407,795,051.27	4,334,451.45		4,718,791,285.60
(3) Increase in business combinations						
(4) Impact of difference from translation of statements in foreign currency	49,073,587.67	118,860,328.51	13,108,307.10	4,238,731.84	65,516.00	185,346,471.12
(5) Provisional estimate adjustment	53,721,873.53	192,793.38				53,914,666.91
3. Amount decreased in current period	15,780,124.16	600,452,131.25	229,656,360.99	41,007,602.48	518,730.34	887,414,949.22
(1) Disposal or scrapping	59,825.50	483,700,868.86	99,169,031.48	40,998,358.50	518,730.34	624,446,814.68
(2) Transfer to construction in progress		116,400,876.14	130,487,329.51			246,888,205.65

(3) Provisional estimate adjustment	15,720,298.66	350,386.25				16,070,684.91
(4) Others - disposal of subsidiaries				9,243.98		9,243.98
4. Closing balance	9,846,837,869.96	19,502,022,305.64	2,694,853,713.38	730,219,472.84	24,316,005.03	32,798,249,366.85
II. Accumulated depreciation						
1. Opening balance	1,322,505,674.30	5,970,789,207.13	831,755,135.49	325,266,424.92	16,486,007.44	8,466,802,449.28
2. Amount increased in current period	307,373,203.80	2,055,865,192.39	297,801,645.96	104,812,884.43	1,818,061.66	2,767,670,988.24
(1) Accrual	304,074,483.41	2,033,456,070.43	295,499,133.96	102,518,087.30	1,806,379.33	2,737,354,154.43
(2) Impact of difference from translation of statements in foreign currency	3,298,720.39	22,409,121.96	2,302,512.00	2,294,797.13	11,682.33	30,316,833.81
3. Amount decreased in current period	28,416.95	343,711,613.31	107,419,493.15	23,829,173.94	456,563.23	475,445,260.58
(1) Disposal or scrapping	28,416.95	325,835,508.12	66,818,768.54	23,828,640.60	456,563.23	416,967,897.44
(2) Transfer to construction in progress		17,876,105.19	40,600,724.61			58,476,829.80
(3) Others - disposal of subsidiaries				533.34		533.34
4. Closing balance	1,629,850,461.15	7,682,942,786.21	1,022,137,288.30	406,250,135.41	17,847,505.87	10,759,028,176.94
III. Impairment provision						
1. Opening balance						
2. Amount increased in current period		568,248,570.99	8,918,010.08	2,298,340.59		579,464,921.66
(1) Accrual		568,248,570.99	8,918,010.08	2,298,340.59		579,464,921.66
3. Amount decreased in current period						
(1) Disposal or scrapping						
4. Closing balance		568,248,570.99	8,918,010.08	2,298,340.59		579,464,921.66

IV. Book value						
1. Book value at the end of the reporting period	8,216,987,408.81	11,250,830,948.44	1,663,798,415.00	321,670,996.84	6,468,499.16	21,459,756,268.25
2. Opening book value	7,586,074,357.53	8,789,446,424.47	1,438,866,912.78	302,058,400.91	6,906,385.07	18,123,352,480.76

(2) Fixed assets temporarily idle

Unit: RMB

Item	Original book value	Accumulated depreciation	Depreciation reserves	Book value	Notes
Houses and buildings	510,898,895.26	83,167,961.06		427,730,934.20	
Production equipment	2,851,846,929.06	195,002,843.55	568,248,570.99	2,088,595,514.52	
Test equipment	81,518,296.69	16,004,787.81	8,918,010.08	56,595,498.80	
Office equipment	37,679,813.88	11,594,110.80	2,298,340.59	23,787,362.49	
Total	3,481,943,934.89	305,769,703.22	579,464,921.66	2,596,709,310.01	

(3) Fixed assets leased out through operating leases

Unit: RMB

Item	Book value at the end of the reporting period
Houses and buildings	320,815,654.11
Production equipment and other equipment	324,777,276.11
Total	645,592,930.22

(4) Overview of the fixed assets for which certificates of title to be obtained

Unit: RMB

Item	Book value	Reasons for not obtaining the certificate of title
9# Factory building	144,927,930.97	Property rights certificate under processing
55# Factory building	89,166,685.42	Property rights certificate under processing
56# Factory building	88,849,225.81	Property rights certificate under processing
52# Apartment	185,265,107.54	Property rights certificate under processing
23# Apartment	2,597,183.74	Property rights certificate under processing
E area carport	42,025,112.90	Property rights certificate under processing
Total	552,831,246.38	

(5) Liquidation of fixed assets

None

15. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	2,276,965,736.33	2,127,055,853.77
Construction materials	147,478,039.00	
Total	2,424,443,775.33	2,127,055,853.77

(1) Overview of construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Unaccepted equipment	530,677,599.03		530,677,599.03	705,426,549.35		705,426,549.35
2# Office building	287,041,263.11		287,041,263.11	160,023,622.42		160,023,622.42
Self-made equipment	239,378,426.17		239,378,426.17	453,794,330.67		453,794,330.67
Sporadic projects	183,389,745.14		183,389,745.14	155,430,727.09		155,430,727.09
63# Factory building	158,512,473.50		158,512,473.50	38,623,187.09		38,623,187.09
Infrastructure construction	147,355,671.17		147,355,671.17	1,614,213.25		1,614,213.25
39# Factory building	111,488,614.81		111,488,614.81	106,641,302.22		106,641,302.22
72# Factory building	78,813,471.88		78,813,471.88	12,277,054.11		12,277,054.11
74# Factory building	64,820,307.60		64,820,307.60	17,779,539.88		17,779,539.88
64# Factory building	59,007,078.74		59,007,078.74	8,103,133.65		8,103,133.65
75# Factory building	57,780,367.36		57,780,367.36	15,726,428.05		15,726,428.05
76# Factory building	54,322,988.22		54,322,988.22	22,751,748.04		22,751,748.04
65# Factory building	37,794,076.56		37,794,076.56	4,363,631.55		4,363,631.55
66# Factory building	37,772,311.18		37,772,311.18	4,361,621.04		4,361,621.04
67# Factory building	36,939,485.41		36,939,485.41	12,688,314.15		12,688,314.15
68# Factory building	34,968,643.25		34,968,643.25	13,063,930.16		13,063,930.16
69# Factory building	34,606,945.61		34,606,945.61	13,084,558.18		13,084,558.18
73# Factory building	34,217,551.92		34,217,551.92	18,061,783.67		18,061,783.67

77# Factory building	26,720,487.51		26,720,487.51			
70# Factory building	21,058,712.36		21,058,712.36	6,883,803.12		6,883,803.12
71# Factory building	18,649,051.46		18,649,051.46	5,376,869.24		5,376,869.24
Reconstruction and expansion of factory buildings	10,924,075.53		10,924,075.53			
80# Factory building	5,762,284.64		5,762,284.64			
78# Factory building	4,873,511.68		4,873,511.68			
79# Factory building	90,592.49		90,592.49			
52# Factory building				77,142,513.20		77,142,513.20
46# Factory building				56,866,174.61		56,866,174.61
38# Factory building				27,185,507.14		27,185,507.14
37# Factory building				65,991,667.31		65,991,667.31
47# Factory building				8,653,090.45		8,653,090.45
49# Factory building				10,804,751.93		10,804,751.93
43# Factory building				17,137,354.45		17,137,354.45
48# Factory building				9,111,894.09		9,111,894.09
42# Factory building				78,086,553.66		78,086,553.66
Total	2,276,965,736.33		2,276,965,736.33	2,127,055,853.77		2,127,055,853.77

(2) Increase or decrease of significant construction in progress in current period

Unit: RMB

Name of project	Budget amount	Opening balance	Increased amount in the current period	Amount transferred to fixed assets in current period	Other amount decreased in current period	Closing balance	Proportion of total project input to budget	Project progress	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in current period	Interest capitalization rate for current period	Source of funds
Unaccepted equipment		705,426,549.35	1,721,559,636.32	1,900,211,048.64	-3,902,462.00	530,677,599.03						Other
2# Office	357,080,	160,023,6	127,017,6			287,041,	80.39%	90%				Other

building	000.00	22.42	40.69			263.11						
Self-made equipment		453,794,30.67	1,781,853,138.27	1,996,269,042.77		239,378,426.17						Other
Sporadic projects		155,430,727.09	304,476,842.17	106,291,620.80	170,226,203.32	183,389,745.14						Other
63# Factory building	172,939,700.00	38,623,187.09	119,889,286.41			158,512,473.50	91.66%	95%				Other
Infrastructure construction		1,614,213.25	177,455,519.34	31,714,061.42		147,355,671.17						Other
39# Factory building	133,327,700.00	106,641,302.22	4,847,312.59			111,488,614.81	83.62%	85%				Other
72# Factory building	92,834,000.00	12,277,054.11	63,863,680.13		2,672,737.64	78,813,471.88	84.90%	75%				Other
74# Factory building	67,737,000.00	17,779,539.88	44,908,352.41		2,132,415.31	64,820,307.60	95.69%	85%				Other
64# Factory building	77,500,000.00	8,103,133.65	50,903,945.09			59,007,078.74	76.14%	90%				Other
75# Factory building	59,965,000.00	15,726,428.05	40,156,281.49		1,897,657.82	57,780,367.36	96.36%	85%				Other
76# Factory building	56,401,000.00	22,751,748.04	29,580,863.46		1,990,376.72	54,322,988.22	96.32%	95%				Other
65# Factory building	90,000,000.00	4,363,631.55	33,430,445.01			37,794,076.56	41.99%	43%				Other
66# Factory building	90,000,000.00	4,361,621.04	33,410,690.14			37,772,311.18	41.97%	43%				Other
67# Factory building	39,464,000.00	12,688,314.15	22,969,774.41		1,281,396.85	36,939,485.41	93.60%	85%				Other
68# Factory building	40,951,000.00	13,063,930.16	20,664,429.06		1,240,284.03	34,968,643.25	85.39%	85%				Other
69# Factory building	41,006,000.00	13,084,558.18	20,290,899.38		1,231,488.05	34,606,945.61	84.39%	83%				Other
73# Factory building	51,949,000.00	18,061,783.67	14,805,451.98		1,350,316.27	34,217,551.92	65.87%	70%				Other
77# Factory building	36,041,484.00		26,720,487.51			26,720,487.51	74.14%	90%				Other
70# Factory building	25,857,000.00	6,883,803.12	13,453,454.81		721,454.43	21,058,712.36	81.44%	85%				Other
71# Factory building	19,454,000.00	5,376,869.24	12,973,741.55		298,440.67	18,649,051.46	95.86%	85%				Other
Reconstruction and expansion of factory buildings			82,160,278.33	71,236,202.80		10,924,075.53						Other

80# Factory building	187,000,000.00		5,762,284.64			5,762,284.64	3.08%	3%				Other
78# Factory building	155,382,125.40		4,873,511.68			4,873,511.68	3.14%	2%				Other
79# Factory building	330,260,781.60		90,592.49			90,592.49	0.03%					Other
52# Factory building	204,098,200.00	77,142,513.20	108,612,781.92	185,755,295.12			91.01%	100%				Other
46# Factory building	94,000,000.00	56,866,174.61	62,049,634.16	118,915,808.77			126.51%	100%				Other
38# Factory building	62,493,272.60	27,185,507.14	38,231,138.08	65,416,645.22			104.68%	100%				Other
37# Factory building	99,990,000.00	65,991,667.31	31,150,045.73	97,141,713.04			97.15%	100%				Other
47# Factory building	24,500,000.00	8,653,090.45	17,771,284.55	26,424,375.00			107.85%	100%				Other
49# Factory building	32,000,000.00	10,804,751.93	6,021,972.30	16,826,724.23			52.58%	100%				Other
43# Factory building	18,670,000.00	17,137,354.45	592,457.59	17,729,812.04			94.96%	100%				Other
48# Factory building	9,200,000.00	9,111,894.09	2,363,815.71	6,748,078.38			73.35%	100%				Other
42# Factory building	82,826,867.00	78,086,553.66	24,303.71	78,110,857.37			94.31%	100%				Other
Total	2,752,928,130.60	2,127,055,853.77	5,020,208,341.69	4,718,791,285.60	151,507,173.53	2,276,965,736.33						

(3) Provision for impairment of construction in progress in current period

None

(4) Construction materials

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Construction materials	147,478,039.00		147,478,039.00			
Total	147,478,039.00		147,478,039.00			

16. Right-of-use assets

Unit: RMB

Item	Houses and buildings	Total
I. Original book value		
1. Opening balance	441,665,247.28	441,665,247.28
2. Amount increased in current period	396,364,758.73	396,364,758.73
(1) New leases in the current period	387,332,676.00	387,332,676.00
(2) Impact of difference from translation of statements in foreign currency	9,032,082.73	9,032,082.73
3. Amount decreased in current	42,555,571.38	42,555,571.38

period		
(1) Disposal	42,555,571.38	42,555,571.38
4. Closing balance	795,474,434.63	795,474,434.63
II. Accumulated depreciation		
1. Opening balance	110,868,726.62	110,868,726.62
2. Amount increased in current period	135,485,658.48	135,485,658.48
(1) Accrual	132,043,964.75	132,043,964.75
(2) Impact of difference from translation of statements in foreign currency	3,441,693.73	3,441,693.73
3. Amount decreased in current period	31,055,873.20	31,055,873.20
(1) Disposal	31,055,873.20	31,055,873.20
4. Closing balance	215,298,511.90	215,298,511.90
III. Impairment provision		
1. Opening balance		
2. Amount increased in current period		
(1) Accrual		
3. Amount decreased in current period		
(1) Disposal		
4. Closing balance		
IV. Book value		
1. Book value at the end of the reporting period	580,175,922.73	580,175,922.73
2. Opening book value	330,796,520.66	330,796,520.66

17. Intangible assets

(1) Overview of intangible assets

Unit: RMB

Item	Land-use right	Patent right	Non-patent technology	Other	Total
I. Original book value					
1. Opening balance	1,439,499,400.79	8,964,410.00	3,305,496,457.05	235,180,322.80	4,989,140,590.64
2. Amount increased in current period	132,428,026.82		479,056,102.14	36,282,298.76	647,766,427.72
(1) Purchase	116,914,980.00			36,367,588.82	153,282,568.82
(2) Internal R&D			479,056,102.14		479,056,102.14
(3) Increase in business combinations					
(4) Impact of difference from	15,513,046.82			-85,290.06	15,427,756.76

translation of statements in foreign currency					
3. Amount decreased in current period			218,038,817.46		218,038,817.46
(1) Disposal			216,021,931.15		216,021,931.15
(2) Others - disposal of subsidiaries			2,016,886.31		2,016,886.31
4. Closing balance	1,571,927,427.61	8,964,410.00	3,566,513,741.73	271,462,621.56	5,418,868,200.90
II. Accumulated amortization					
1. Opening balance	175,704,043.04	2,838,729.83	1,910,763,604.90	137,040,424.02	2,226,346,801.79
2. Amount increased in current period	29,177,012.50	896,441.00	623,541,411.21	35,546,615.63	689,161,480.34
(1) Accrual	28,116,040.52	896,441.00	623,541,411.21	35,606,271.90	688,160,164.63
(2) Impact of difference from translation of statements in foreign currency	1,060,971.98			-59,656.27	1,001,315.71
3. Amount decreased in current period			217,433,751.91		217,433,751.91
(1) Disposal			216,021,931.15		216,021,931.15
(2) Others			1,411,820.76		1,411,820.76
4. Closing balance	204,881,055.54	3,735,170.83	2,316,871,264.20	172,587,039.65	2,698,074,530.22
III. Impairment provision					
1. Opening balance					
2. Amount increased in current period					
(1) Accrual					
3. Amount decreased in current period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Book value at the end of the reporting period	1,367,046,372.07	5,229,239.17	1,249,642,477.53	98,875,581.91	2,720,793,670.68

2. Opening book value	1,263,795,357.75	6,125,680.17	1,394,732,852.15	98,139,898.78	2,762,793,788.85
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At the end of this period, the proportion of intangible assets created through internal research and development of the Company to the balance of intangible assets is 59.21%.

(2) Overview of land-use right without certificates of title

Unit: RMB

Item	Book value	Reasons for not obtaining the certificate of title
Land use right 1	58,449,401.70	Property rights certificate under processing
Land use right 2	58,270,720.00	Property rights certificate under processing

18. Development costs

Unit: RMB

Item	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Internal development costs	Other	Recognized as intangible assets	Transfer to current profit and loss	
Self-developed technologies for electroacoustic products	242,956,092.44	5,198,312,190.48		479,056,102.14	4,601,034,068.87	361,178,111.91
Total	242,956,092.44	5,198,312,190.48		479,056,102.14	4,601,034,068.87	361,178,111.91

19. Goodwill

(1) Original book value of goodwill

Unit: RMB

Name of the invested entity or matter forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Formed by business combinations	Other	Disposal	Other	
Goertek Electronics, Inc.	1,743,540.56					1,743,540.56
Weifang Goertek Communication Technology Co., Ltd.	15,115,644.52					15,115,644.52
GoerTek Audio Technologies Aps	8,831,473.29					8,831,473.29
Total	25,690,658.37					25,690,658.37

(2) Impairment provision for goodwill

Unit: RMB

Name of the invested entity or matter forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Accrual	Other	Disposal	Other	

Goertek Electronics, Inc.					
Weifang Goertek Communication Technology Co., Ltd.					
GoerTek Audio Technologies Aps	8,831,473.29				8,831,473.29
Total	8,831,473.29				8,831,473.29

Information about the asset group or portfolio of asset groups of goodwill

As of December 31, 2021, the net value of goodwill was RMB 16,859,185.08, of which RMB 15,115,644.52 was related to the acquisition of Weifang Goertek Communication Technology Co., Ltd. No goodwill impairment was recognized in the year, as the recoverable amount of the relevant group of assets valued under the equity method was higher than its carrying value (including part of carrying value of goodwill apportioned).

Explain the goodwill impairment test process, key parameters (such as the forecast period growth rate, stable period growth rate, profit rate, discount rate, forecast period, etc. when the present value of the future cash flow is expected) and the recognition method of goodwill impairment loss

None

Impact of goodwill impairment test

None

20. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Increased amount in the current period	Amortized amount in the current period	Other decreased amount	Closing balance
Expenditure on house improvement	192,445,511.85	184,443,025.84	75,544,265.81	-2,093,031.38	303,437,303.26
IT project service fee	4,439,272.89	28,477,398.48	5,832,519.69		27,084,151.68
Design fee	350,431.01	7,872,669.14	1,435,531.03		6,787,569.12
Financing guarantee fee	1,767,500.00		1,515,000.00		252,500.00
Bank commission and arrangement fee	8,192,774.50		8,643,038.50	-450,264.00	
Total	207,195,490.25	220,793,093.46	92,970,355.03	-2,543,295.38	337,561,524.06

21. Deferred tax assets/liabilities

(1) Deferred tax assets not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	1,714,479,986.93	259,912,213.28	286,270,259.14	45,253,703.58
Unrealized profit from internal transaction	1,106,784,542.91	182,217,984.94	1,058,642,169.31	161,021,024.99
Deductible loss	4,978,155,153.32	825,412,239.76	1,291,424,655.49	204,109,171.19
Government subsidies	303,540,279.67	47,040,683.06	299,191,717.99	46,916,190.75
Financial assets held for trading - changes in fair value of equity	52,130,372.98	7,819,555.95		

instrument				
Changes in the fair value of derivative financial instruments	182,318,270.45	29,492,906.86	15,190,564.34	2,285,343.12
Temporary differences of fixed assets	42,335,704.66	6,350,355.70	46,297,192.22	6,944,578.83
Expenses of share-based payment	75,231,226.39	11,284,683.96	190,629,395.67	28,594,409.35
Total	8,454,975,537.31	1,369,530,623.51	3,187,645,954.16	495,124,421.81

(2) Deferred tax liabilities not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Asset appreciation after re-evaluation following the combination with an enterprise under different control	4,126,637.34	1,031,659.32	4,338,259.81	1,084,564.94
Changes in the fair value of derivative financial instruments	185,939,899.60	27,939,770.90	29,721,944.30	4,739,855.81
Difference in time point for recognition of interest income of factoring business	5,039,047.50	1,259,761.87	5,581,895.45	1,395,473.86
Difference between the book value of fixed assets and their tax bases	4,664,457,309.75	783,266,986.21	2,536,133,275.63	380,419,991.34
Financial assets held for trading - changes in fair value of equity instrument	17,469,694.02	2,620,454.10	15,290,023.02	2,293,503.45
Total	4,877,032,588.21	816,118,632.40	2,591,065,398.21	389,933,389.40

(3) Deferred tax assets or liabilities presented in net amount after offsetting

Unit: RMB

Item	Amount of deferred tax assets and liabilities mutually offset at the end of the period	Closing balance of deferred tax assets or liabilities after offsetting	Amount of deferred tax assets and liabilities mutually offset at the beginning of the period	Opening balance of deferred tax assets or liabilities after offsetting
Deferred tax assets		1,369,530,623.51		495,124,421.81
Deferred tax liabilities		816,118,632.40		389,933,389.40

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
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Deductible temporary difference	108,002,751.78	98,037,802.83
Deductible loss	1,113,018,229.33	916,176,966.88
Government subsidies	8,950,659.40	3,972,247.35
Unrealized profit from internal transaction	228,644,722.04	198,600,822.88
Total	1,458,616,362.55	1,216,787,839.94

(5) Deductible loss of unrecognized deferred tax assets will expire in the following years

Unit: RMB

Year	Closing balance	Opening balance	Notes
2022		9,008,881.10	
2023	42,489,136.50	58,999,159.63	
2024	55,578,667.67	77,929,325.94	
2025	115,720,117.70	160,630,241.51	
2026	129,251,092.62	172,308,560.69	
2027	104,866,432.82	718,056.78	
2028	44,300,430.49	37,679,003.68	
2029	84,671,122.89	76,312,985.99	
2030	131,354,916.79	125,931,259.51	
2031	215,711,939.66	196,659,492.05	
2032	189,074,372.19		
Total	1,113,018,229.33	916,176,966.88	

22. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Contract assets	119,469.27	1,194.69	118,274.58	119,469.27	1,194.69	118,274.58
Prepayment for long-term assets	269,755,356.88		269,755,356.88	366,744,190.26		366,744,190.26
Input tax to be deducted but expected not to be deducted within one year				17,036,311.11		17,036,311.11
Large-denomination certificates of deposit issued by banks	655,000,458.30		655,000,458.30	122,540,194.44		122,540,194.44
Prepaid long-term borrowings financing costs	101,102,677.91		101,102,677.91			
Equity investment transfer receivable	8,461,633.81		8,461,633.81			

The portion due within one year (Note VII. 9)	-70,303,760.94	-1,194.69	-70,302,566.25			
Total	964,135,835.23		964,135,835.23	506,440,165.08	1,194.69	506,438,970.39

23. Short-term borrowings

(1) Types of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Secured borrowings	508,878,860.80	1,008,216,693.01
Credit borrowings	6,611,967,165.87	3,276,642,654.01
Total	7,120,846,026.67	4,284,859,347.02

Explanation of the types of short-term borrowings:

The year-end balance of guaranteed loan is RMB 508,878,860.80 (principal: RMB 507,522,000.00; interest: RMB 1,356,860.80). A part of the principal, RMB 487,522,000.00, is secured by a guarantee provided by Goertek Group Co., Ltd., and the remainder is secured by a guarantee provided by its subsidiary, Goertek (HongKong) Co., Limited.

(2) Short-term borrowings that are overdue and not repaid

None

24. Financial liabilities held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial liabilities held for trading	202,293,742.46	15,190,564.34
Including:		
Derivative financial liabilities	202,293,742.46	15,190,564.34
Total	202,293,742.46	15,190,564.34

25. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
Commercial acceptance notes	170,000,000.00	
Bank acceptance notes	4,269,924,397.04	2,742,876,464.23
Domestic letter of credit	410,573,849.04	
Total	4,850,498,246.08	2,742,876,464.23

The amount of notes payable due and unpaid at the end of this period is RMB 0.00.

26. Accounts Payable

(1) Presentation of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Material cost and others	23,460,996,615.58	16,391,404,094.29
Payment for equipment	1,794,480,008.06	1,663,151,657.69
Payment for construction projects	493,281,646.55	475,053,903.42

Total	25,748,758,270.19	18,529,609,655.40
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(2) Important accounts payable aged above 1 year

Unit: RMB

Item	Closing balance	Reasons for outstanding or carry-over
Payment for construction projects	12,117,672.27	Unsettled
Payment for construction projects	6,935,430.37	Unsettled
Payment for material	5,835,592.51	Unsettled
Payment for construction projects	4,690,057.47	Unsettled
Payment for construction projects	3,456,102.47	Unsettled
Payment for material	3,079,988.19	Unsettled
Payment for construction projects	2,767,116.22	Unsettled
Payment for equipment	2,743,629.95	Unsettled
Payment for construction projects	2,500,498.78	Unsettled
Payment for construction projects	2,250,000.00	Unsettled
Payment for material	2,172,999.02	Unsettled
Total	48,549,087.25	

27. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Advance payment received for products	2,295,347,547.31	2,210,825,761.69
Total	2,295,347,547.31	2,210,825,761.69

Amount and causes of significant changes in book value during the reporting period

None

28. Employee benefits payable**(1) Presentation of employee benefits payable to employees**

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term payroll	1,066,570,159.63	8,623,115,311.57	8,690,667,606.34	999,017,864.86
II. Post-employment benefits—defined contribution plans		710,631,079.84	710,631,079.84	
II. Dismissal welfare		59,659,156.13	19,105,242.60	40,553,913.53
Total	1,066,570,159.63	9,393,405,547.54	9,420,403,928.78	1,039,571,778.39

(2) Presentation of short-term payroll

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Salaries, bonuses, allowances and subsidies	1,054,909,054.85	7,549,129,018.00	7,620,021,779.44	984,016,293.41
2. Employee welfare fee		458,239,229.72	458,239,229.72	

3. Social insurance premium		337,929,585.44	337,817,349.72	112,235.72
Incl.: Medical insurance premium		317,618,738.11	317,541,288.91	77,449.20
Work injury insurance premium		18,650,439.40	18,650,439.40	
Maternity insurance premium		1,660,407.93	1,625,621.41	34,786.52
4. Housing provident fund		259,098,144.56	259,098,144.56	
5. Labor union expenditure and employee education expenses	11,661,104.78	18,719,333.85	15,491,102.90	14,889,335.73
Total	1,066,570,159.63	8,623,115,311.57	8,690,667,606.34	999,017,864.86

(3) Presentation of defined contribution plans

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance premium		684,904,874.52	684,904,874.52	
2. Unemployment insurance premium		25,726,205.32	25,726,205.32	
Total		710,631,079.84	710,631,079.84	

Other explanations:

The Group contributes to mandatory pension program and unemployment benefit programs established by government authority. Under these programs, the Group makes monthly contributions to these programs at certain percentages according to the social insurance contribution base for 2022. Except the above monthly contributions, the Group is not under other payment obligations. Corresponding expenditures are recorded in the current profits and losses, or related asset costs when incurred.

29. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
VAT	38,043,970.81	35,791,727.76
Enterprise income tax	174,981,926.24	254,141,624.62
Personal income tax	11,883,118.28	9,980,898.05
City maintenance and construction tax	10,809,326.00	19,989,711.74
Education surcharge	3,269,592.35	8,056,604.31
Local education surcharges	3,106,645.36	5,766,024.57
Housing property tax	19,768,868.36	16,792,720.42
Land use tax	2,934,841.41	2,926,628.84
Stamp duties tax	20,091,251.59	3,141,644.18
Water resource tax	48.00	20.00
Environmental protection tax	22,179.18	5,024.73
Withholding taxes		17,371.06
Total	284,911,767.58	356,610,000.28

30. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	78,974,306.79	80,187,733.17
Total	78,974,306.79	80,187,733.17

(1) Interest payable

None

(2) Dividends payable

None

(3) Other payables**1) Presentation of other payables by nature of payment**

Unit: RMB

Item	Closing balance	Opening balance
Current accounts payable	19,961,968.64	30,175,265.11
Employee benefits payable	3,334,897.96	4,246,920.21
Deposit payable	46,944,671.46	44,029,093.10
Various security deposits payable	8,732,768.73	1,736,454.75
Total	78,974,306.79	80,187,733.17

2) Other important payables aged above 1 year

None

31. Current portion of non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year (Note VII, 33)	992,791,555.56	400,000,000.00
Lease liabilities due within one year (Notes VII, 34)	102,826,772.18	101,408,170.04
Total	1,095,618,327.74	501,408,170.04

32. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Notes receivable endorsed, undue and not de-recognized		1,709,928.75
VAT payable—tax on items to be resold	4,252,178.60	13,134,430.26
Total	4,252,178.60	14,844,359.01

Change in short-term debentures payable:

None

33. Long-term borrowings

(1) Types of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Secured borrowings	1,100,982,361.11	1,613,294,229.18
Credit borrowings	2,097,809,194.45	990,921,555.56
Long-term borrowings due within one year (Note VII, 31)	-992,791,555.56	-400,000,000.00
Total	2,206,000,000.00	2,204,215,784.74

Description of types of long-term borrowings:

The year-end balance of guaranteed loan is RMB 1,100,982,361.11, consisting of RMB 1,100,000,000.00 of principal and RMB 982,361.11 of interest. The borrowing is secured by a guarantee provided by Goertek Group Co., Ltd.

Other explanations, including interest rate range:

The interest rate range for long-term borrowings is 2.65%-3.7% on Dec. 31, 2022. (2.7%-3.7% on December 31, 2021).

34. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease payment	639,092,280.68	327,964,908.57
Unrecognized financing fees	-65,561,000.75	-16,346,783.13
Lease liabilities due within one year (Notes VII, 31)	-102,826,772.18	-101,408,170.04
Total	470,704,507.75	210,209,955.40

35. Deferred income

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Cause of formation
Government subsidies	540,321,080.65	158,061,363.10	166,008,299.37	532,374,144.38	
Total	540,321,080.65	158,061,363.10	166,008,299.37	532,374,144.38	--

Items involving government subsidies:

Unit: RMB

Liability item	Opening balance	Amount of new subsidies in current period	Amount included in non-operating revenue of the current period	Amount included in other income in current period	Amount of cost offset in current period	Other changes	Closing balance	Asset-related/income-related
Special funding for corporate innovation, technical transformation and	500,221,040.05	55,206,363.10		61,526,672.71			493,900,730.44	Asset-related

industrial upgrading								
Awards and subsidies for public leasehold houses	40,100,040.60			1,626,626.66			38,473,413.94	Asset-related
Subsidies for R&D projects, etc.		102,855,000.00		102,855,000.00				Income-related
Total	540,321,080.65	158,061,363.10		166,008,299.37			532,374,144.38	

36. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Equity of other partners of the fund company	172,261,037.39	
Total	172,261,037.39	

37. Share capital

Unit: RMB

	Opening balance	Increase or decrease in the change (+, -)					Closing balance
		New shares	Bonus shares	Transferred from reserves	Other	Sub-total	
Total shares	3,416,321,036.00	4,082,164.00				4,082,164.00	3,420,403,200.00

Other explanations:

(1) The Company's initial grant of certain stock options under the 2021 Stock Option Incentive Plan entered its first exercise period on June 24, 2022. Due to employees' exercise of the right, the Company issued 4,082,164 Class A Shares to the incentive targets. The share capital of the Company has been changed to RMB 3,420,403,200.

(2) As of December 31, 2022, the 93,500,000 shares of the Company held by the controlling shareholders and their persons acting in concert have been pledged, representing 2.73% of total shares of the Company. Specifically:

Mr. Jiang Long, a shareholder of the Company, pledged his 93,500,000 shares of the Company. Among them, 16,500,000 shares are pledged to China Merchants Securities Asset Management Co., Ltd., and the pledge period is from November 1, 2022 to June 13, 2023; 33,000,000 shares are pledged to China Merchants Securities Asset Management Co., Ltd., and the pledge period is from June 13, 2022 to June 13, 2023; 16,000,000 shares are pledged to Zhongtai Securities (Shanghai) Co., Ltd., and the pledge period is from November 1, 2022 to June 13, 2023; 28,000,000 shares are pledged to Zhongtai Securities (Shanghai) Co., Ltd., and the pledge period is from June 13, 2022 to June 13, 2023.

38. Capital surplus

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (Share capital premium)	8,673,556,974.68	771,293,555.91		9,444,850,530.59
Other capital surplus	804,549,219.62	648,749,842.09	617,490,341.27	835,808,720.44
Total	9,478,106,194.30	1,420,043,398.00	617,490,341.27	10,280,659,251.03

Other explanations, including the increase and decrease in the current period and explanation of reasons for changes:

(1) Capital surplus: Share capital premium increased by RMB 771,293,555.91 this year. Reasons: a. The initial grant of stock options under the 2021 Stock Option Incentive Plan has entered the first exercise period, and the additional issuance of shares increased the capital surplus by RMB 114,831,273.32; b. As the employee stock ownership plan has reached the release stage and the initial grant of the 2021 stock options has entered the first exercise period. For this batch, other capital surplus of RMB 561,573,669.78 recognized during the waiting period is transferred to share capital premium; c. Premium contribution by minority shareholders of the subsidiary Goertek Optical Technology Co., Ltd increased the capital surplus by RMB 94,888,612.81.

(2) Capital surplus: Other capital surplus increased by RMB 648,749,842.09 this year, all of which were formed by share-based payment. For details, please refer to Note XIII, Share-based Payment 1. The overall situation of share-based payment.

(3) Capital surplus: Other capital surplus decreased by RMB 617,490,341.27 this year. Reasons: a. As the employee stock ownership plan has reached the release stage and the initial grant of the 2021 stock options has entered the first exercise period, a capital surplus of RMB 561,573,669.78 is transferred to share capital premium; b. Under the equity method, changes in other shareholders' equity in the investment unit resulted in a decrease of RMB 55,916,671.49.

39. Treasury stock

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Shares of the Company repurchased for employee stock programs or equity incentives	2,291,973,146.75			2,291,973,146.75
Total	2,291,973,146.75			2,291,973,146.75

Other explanations, including the increase and decrease in the current period and explanation of reasons for changes:

As of December 31, 2022, there were cumulatively 74,265,451 treasury stock, representing 2.17% of the total share capital of the Company.

40. Other comprehensive income

Unit: RMB

Item	Opening balance	2022						Closing balance
		Amount incurred before income tax in the current period	Less: Recorded in other comprehensive income for the previous period and transferred in profit or loss for the current period	Less: Recorded in other comprehensive income for the previous period and transferred in undistributed profits for the current period	Less: Income tax expenses	Amount after tax attributable to the parent company	Attributed after tax to minority shareholders	
I. Other comprehensive income that cannot be subsequently reclassified into profit and loss	46,931,445.38	96,344,086.62		93,489,685.96		2,195,604.99	658,795.67	49,127,050.37
Changes in the fair value of investments in	46,931,445.38	96,344,086.62		93,489,685.96		2,195,604.99	658,795.67	49,127,050.37

other equity instruments								
II. Other comprehensive income that will be reclassified into profit or loss	147,078,214.95	244,763,633.22	11,857,998.44			220,328,498.94	12,577,135.84	73,250,283.99
Including: other comprehensive income that can be converted into gains and losses under the equity method	27,351,340.30	-15,493,341.86	11,857,998.44			-27,351,340.30		
Difference from translation of financial statements in foreign currency	174,429,555.25	260,256,975.08				247,679,839.24	12,577,135.84	73,250,283.99
Total other comprehensive incomes	100,146,769.57	341,107,719.84	11,857,998.44	93,489,685.96		222,524,103.93	13,235,931.51	122,377,334.36

Other explanations, including the adjustment of the effective part of cash flow hedging gains and losses into the initially recognized amount of the hedged item:

(1) Other comprehensive income that cannot be subsequently reclassified into profit and loss: Under the item of changes in the fair value of investments in other equity instruments, RMB 658,795.67 is attributable to minority shareholders after tax, which is the equity of other partners of the fund company. The statement is presented in other non-current liabilities.

(2) Other comprehensive income that will be reclassified into profit or loss: Under the item of difference from translation of financial statements in foreign currency, RMB 12,577,135.84 is attributable to minority shareholders after tax. Of which, RMB 10,012,201.30 is the equity of other partners of the fund company. The statement is presented in other non-current liabilities.

41. Surplus reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	1,446,536,121.51			1,446,536,121.51
Total	1,446,536,121.51			1,446,536,121.51

Explanation of surplus reserve, including the increase and decrease in the current period and explanation of reasons for changes:

According to the Company Law and the Articles of Association, the Company allocates 10% of net profits to the statutory surplus reserve. The Company does not need to allocate further amounts if the cumulative amount of the statutory surplus reserve reaches more than 50% of the registered capital.

The Company may extract any surplus reserve after extracting the statutory surplus reserve. Any surplus reserve may be used to cover the losses of previous years or increase the share capital after approval.

42. General risk reserve

Items	Balance at the end of the previous year	Increase in the current period	Decrease in the current period	Closing balance
Reserve for risks in financing factoring business	6,081,200.00			6,081,200.00

Other explanations:

According to the Notice by the General Office of the China Banking and Insurance Regulatory Commission of Strengthening the Supervision and Administration of Commercial Factoring Enterprises (YBJBF [2019] No. 205), the Group allocates 1% of the closing balance of financing factoring business to the provision for risks.

43. Undistributed profits

Unit: RMB

Item	2022	2021
Undistributed profits at the end of last period before adjustment	15,372,823,358.48	11,500,277,791.35
Undistributed profits at the beginning of the period after adjustment	15,372,823,358.48	11,500,277,791.35
Plus: net profit attributable to the owner of the parent company in the current period	1,749,181,131.83	4,274,702,999.38
Less: Withdrawal of statutory surplus reserve		75,858,016.34
Common stock dividends payable	668,411,117.00	499,658,337.75
Add: Disposal of investments in other equity instruments	54,204,866.03	173,358,921.84
Undistributed profits at the end of the period	16,507,798,239.34	15,372,823,358.48

Details of the adjustment of the undistributed profits at the beginning of the period:

- 1) The undistributed profits affected by the retroactive adjustment in accordance with Accounting Standards for Business Enterprises and the related new regulations at the beginning of the period is RMB 0.00.
- 2) The undistributed profits affected by the changes in accounting policy at the beginning of the period is RMB 0.00.
- 3) The undistributed profits affected by the correction of major accounting errors at the beginning of the period is RMB 0.00.
- 4) The undistributed profits affected by the change of combination scope caused by the common control at the beginning of the period is RMB 0.00.
- 5) The undistributed profits affected by other adjustments at the beginning of the period is RMB 0.00.

44. Operating revenue and operating cost

Unit: RMB

Item	2022		2021	
	Income	Cost	Income	Cost
Main business	102,966,939,788.80	91,509,198,680.69	76,946,324,805.73	66,054,072,404.35
Other business	1,927,384,373.46	1,724,277,862.59	1,275,093,812.29	1,113,594,255.31
Total	104,894,324,162.26	93,233,476,543.28	78,221,418,618.02	67,167,666,659.66

Whether the lower of the audited net profit before and the audited net profit after deducting non-recurring profits and losses is negative

Yes No

Revenue related information:

Unit: RMB

Classification of contracts	Division 1	Total
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Product types		
Including:		
Precision components	14,003,616,502.68	14,003,616,502.68
Smart audio device	25,880,868,282.31	25,880,868,282.31
Smart hardware	63,082,455,003.81	63,082,455,003.81
Other business income	1,927,384,373.46	1,927,384,373.46
By business regions		
Including:		
Domestic	9,182,257,334.82	9,182,257,334.82
Overseas	95,712,066,827.44	95,712,066,827.44
By sales channel		
Including:		
Direct selling	104,414,898,362.49	104,414,898,362.49
Distribution	479,425,799.77	479,425,799.77
Total	104,894,324,162.26	104,894,324,162.26

Information about performance obligations:

None

Information about the trading price apportioned to remaining performance obligations:

None

45. Taxes and surcharges

Unit: RMB

Item	2022	2021
City maintenance and construction tax	66,516,485.50	66,914,986.17
Education surcharge	20,113,757.39	25,069,506.18
Housing property tax	72,739,156.82	62,157,864.15
Land use tax	12,404,902.13	4,928,054.01
Vehicle and vessel use tax	50,823.89	52,964.86
Stamp duties tax	75,852,578.16	45,106,860.23
Local education surcharges	19,015,218.97	17,398,626.51
Local water conservancy construction fund	160,251.76	220,917.98
Water resource tax	230.00	15,694.00
Environmental protection tax	77,095.67	26,511.41
Total	266,930,500.29	221,891,985.50

46. Selling expenses

Unit: RMB

Item	2022	2021
Employee remuneration	377,301,268.94	269,460,139.20
Share-based apportioned payment	44,473,697.53	63,634,538.59
Rental fees	5,212,260.22	4,474,361.06
Sales commission	19,599,978.50	13,450,128.71

Insurance expenses	17,874,354.85	21,984,424.28
Entertainment expenses	15,172,602.51	12,782,841.89
Travel expenses	16,715,766.24	11,173,815.95
Office expenses	21,541,427.80	14,724,830.06
Depreciation cost	14,823,196.77	14,204,718.91
Other expenses	15,584,288.69	18,980,178.43
Total	548,298,842.05	444,869,977.08

47. General and administrative expenses

Unit: RMB

Item	2022	2021
Employee remuneration	1,167,274,863.96	917,532,446.14
Share-based apportioned payment	465,535,747.22	495,415,756.61
Office expenses	165,198,225.61	110,998,813.33
Consulting fees	54,679,471.16	50,040,642.58
Depreciation cost	99,094,366.24	113,225,494.49
Amortization of intangible assets	59,414,772.34	49,984,739.09
Recruitment and training fees	49,182,108.76	36,270,849.32
Rental fees	13,335,129.18	7,451,592.83
Entertainment expenses	27,173,035.83	17,746,437.84
Travel expenses	29,354,745.57	21,380,866.38
Security expenses	40,398,042.61	22,040,105.21
Property insurance	8,548,266.15	9,898,802.88
Other expenses	115,316,870.83	99,671,226.62
Total	2,294,505,645.46	1,951,657,773.32

48. Research and development expenses

Unit: RMB

Item	2022	2021
Employee remuneration	2,210,936,970.20	1,816,259,331.16
Direct input cost	1,822,282,210.46	1,321,811,155.22
Amortization of intangible assets	628,118,767.01	534,352,849.63
Depreciation cost	165,357,575.09	115,335,756.86
Share-based apportioned payment	126,807,377.90	237,184,411.36
Design fees	33,121,202.94	15,289,807.24
Other expenses	239,901,051.39	129,840,970.63
Total	5,226,525,154.99	4,170,074,282.10

49. Financial expenses

Unit: RMB

Item	2022	2021
Interest expense	303,539,076.90	213,431,869.57
Less: Interest income	189,356,256.02	91,492,632.72
Less: Amount of interest capitalized		3,809,576.72
Exchange gains and losses	-21,268,273.24	27,313,452.95

Item	2022	2021
Less: Amount of foreign exchange gain/loss capitalized		
Other	56,208,534.10	21,656,869.28
Total	149,123,081.74	167,099,982.36

50. Other income

Unit: RMB

Sources of other income	2022	2021
Government subsidies	351,383,799.43	464,119,437.91
Tax benefit included	15,097,894.50	1,044,485.08
Return of individual tax handling fee	6,724,169.25	1,558,878.12
Total	373,205,863.18	466,722,801.11

51. Investment income

Unit: RMB

Item	2022	2021
Return on long-term equity investments measured by the equity method	2,298,237.32	23,111,753.41
Investments income from disposal of long-term equity investments	287,784,190.15	6,872,916.88
Investment income from disposal of financial assets held for trading	-309,999,635.90	425,908,909.46
Investment income from products such as certificates of deposit	20,466,167.48	20,903,469.99
Profits or losses arising from derecognised financial assets at amortised cost	-23,037,232.06	-7,852,608.05
Discount losses of financing receivables that meet the conditions for derecognition	-13,755,696.61	
Other		295,443.10
Total	-36,243,969.62	469,239,884.79

52. Gains on changes in fair value

Unit: RMB

Sources of gains on changes in fair value	2022	2021
Financial assets held for trading	98,748,584.12	-41,409,120.87
Including: Gains on changes in fair value due to derivative financial instruments	164,830,672.72	-104,999,182.31
Financial liabilities held for trading	-171,961,305.71	-8,763,505.06
Other non-current financial assets	16,131,386.62	1,324,000.00
Total	-57,081,334.97	-48,848,625.93

53. Credit impairment losses

Unit: RMB

Item	2022	2021
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Credit impairment losses on bad debts of other receivables	2,613,550.10	-10,478,144.68
Credit impairment losses on bad debts of accounts receivable	-16,834,146.02	-19,215,532.99
Total	-14,220,595.92	-29,693,677.67

54. Asset impairment losses

Unit: RMB

Item	2022	2021
I. Loss on bad debts		
II. Loss of inventory falling price and impairment loss of contract performance cost	-1,203,279,438.25	-241,076,190.54
III. Impairment loss of long-term equity investments		
IV. Impairment loss of investment properties		
V. Fixed assets impairment losses	-579,464,921.66	
VI. Impairment loss from construction materials		
VII. Impairment loss of construction in progress		
VIII. Impairment loss of bearer biological assets		
IX. Impairment loss of oil and gas assets		
X. Impairment loss of intangible assets		
XI. Impairment loss of goodwill		
XII. Impairment loss of contract assets		684.09
XIII. Others		
Total	-1,782,744,359.91	-241,075,506.45

55. Gains on disposal of assets

Unit: RMB

Source of income from disposal of assets	2022	2021
Gains on disposal of fixed assets	-47,534,013.23	-31,557,333.48
Income from disposal of intangible assets		-7,866.28
Income from disposal of right-of-use assets	-364,926.50	385,373.77
Total	-47,898,939.73	-31,179,825.99

56. Non-operating income

Unit: RMB

Item	2022	2021	Amount recorded in current non-recurring profits and losses
Gains from damage and liquidation of non-current assets	464,291.05	50,066.59	464,291.05

Other	21,013,169.39	22,394,671.59	21,013,169.39
Total	21,477,460.44	22,444,738.18	21,477,460.44

Government subsidies included in current profit and loss:

None

Other explanations:

Non-operating income: The others are mainly unpayable amounts and liquidated damages, etc.

57. Non-operating expenses

Unit: RMB

Item	2022	2021	Amount recorded in current non-recurring profits and losses
Donation given	4,251,201.32	2,304,955.25	4,251,201.32
Losses from damage and liquidation of non-current assets	117,427,303.86	91,018,949.18	117,427,303.86
Other	1,051,865.31	6,535,044.63	1,051,865.31
Total	122,730,370.49	99,858,949.06	122,730,370.49

58. Income tax expenses

(1) Income tax expense statement

Unit: RMB

Item	2022	2021
Current income tax expenses	164,522,364.79	451,539,809.11
Deferred income tax expenses	-446,312,602.15	-152,697,496.47
Total	-281,790,237.36	298,842,312.64

(2) Adjustment process of accounting profit and income tax expenses

Unit: RMB

Item	2022
Total profit	1,509,228,147.43
Income tax expense calculated at statutory/applicable tax rate	226,384,222.11
Impact of different tax rates applied to subsidiaries	-189,362,810.30
Impact of adjusting income tax in previous periods	5,094,761.83
Impact of non-taxable income	-47,193,013.18
Impact of non-deductible costs, expenses and losses	9,644,530.80
Impact of deductible loss of unrecognized deferred tax assets in previous period	-24,531,504.83
Impact of deductible temporary differences or deductible losses of unrecognized deferred tax assets in current period	59,052,399.11
Changes in balance of beginning deferred tax assets/liabilities due to tax rate adjustment	11,813,185.71
Impact of the weighted deduction of research and development expenses	-386,478,046.71
The impact of weighted deduction of depreciation of fixed assets for high-tech enterprises	-37,683,420.89
Impact of share-based payment	91,469,458.99

Income tax expenses	-281,790,237.36
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59. Other comprehensive income

For details, see Note VII. 40. Other comprehensive income.

60. Cash flow statement items

(1) Cash received relating to other operating activities

Unit: RMB

Item	2022	2021
Government subsidies	343,436,863.16	465,518,187.04
Current account	1,258,014,604.41	3,315,066,295.04
Interest income	183,221,677.04	79,467,922.20
Other	139,368,250.38	156,626,681.14
Total	1,924,041,394.99	4,016,679,085.42

(2) Cash paid relating to other operating activities

Unit: RMB

Item	2022	2021
Research and development expenses	2,084,157,358.43	1,462,687,665.98
Current account	1,129,587,037.65	3,404,842,851.48
Office expenses	186,739,653.41	125,723,643.39
Rental fees	18,547,389.40	11,925,953.89
Consulting fees	54,679,471.16	50,040,642.58
Entertainment expenses	42,345,638.34	30,529,279.73
Travel expenses	46,070,511.81	32,554,682.33
Insurance expenses	26,422,621.00	31,883,227.16
Sales commission	19,599,978.50	13,450,128.71
Other	239,051,045.79	255,037,716.46
Total	3,847,200,705.49	5,418,675,791.71

(3) Cash received relating to other investing activities

Unit: RMB

Item	2022	2021
Unexpired option premium received	21,653,530.71	9,258,951.92
Total	21,653,530.71	9,258,951.92

(4) Cash paid relating to other investing activities

Unit: RMB

Item	2022	2021
Net cash paid for disposal of subsidiaries and other business units	10,363,395.50	
Total	10,363,395.50	

(5) Cash received relating to other financing activities

Unit: RMB

Item	2022	2021
Various securities in other currencies recovered	2,601,999,441.96	1,380,340,710.98
Interest income on raised funds	6,134,578.99	12,024,710.52
Contributions from other partners of the fund company	75,765,967.07	
Subscription of employee stock ownership plan		110,000,000.00
Borrowing of accounts receivable factoring		5,000,000.00
Total	2,683,899,988.02	1,507,365,421.50

(6) Cash paid relating to other financing activities

Unit: RMB

Item	2022	2021
Various security deposit payments for other monetary capital	3,078,483,092.56	1,416,013,727.89
Rental fees payment	128,750,261.16	102,991,821.74
Financing expense paid with borrowings	103,495,260.30	
Listing expense of the Goertek Microelectronics subsidiary	4,263,871.42	8,983,655.49
Repurchase of treasury stock		1,999,998,595.63
Buy-out factoring fee		7,852,608.05
Intermediary fee of issuance of bonds		1,940,000.00
Total	3,314,992,485.44	3,537,780,408.80

61. Supplementary information for cash flow statement**(1) Supplementary information for cash flow statement**

Unit: RMB

Supplementary information	Amount of current period	Amount in previous period
1. Reconciliation of net profit to cash flow from operating activities		
Net profit	1,791,018,384.79	4,307,066,484.34
Add: Provision for impairment of assets	1,782,744,359.91	241,075,506.45
Credit impairment losses	14,220,595.92	29,693,677.67
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of bearer biological assets	2,737,354,154.43	2,117,567,273.70
Depreciation of right-of-use assets	132,043,964.75	122,484,411.95
Amortization of intangible assets	688,160,164.63	588,754,476.68
Long-term prepaid expenses	92,970,355.03	89,042,424.24
Losses on disposal of fixed assets, intangible assets and other long-term	47,898,939.73	31,179,825.99

assets (Use "-" for gain)		
Loss on retirement of fixed assets (Use "-" for gain)	116,963,012.81	90,968,882.59
Loss on changes in fair value (Use "-" for gain)	57,081,334.97	48,848,625.93
Financial expenses (Use "-" for gain)	-67,001,475.56	214,683,875.67
Investment loss (Use "-" for gain)	-548,959.05	-469,239,884.79
Decrease in deferred tax assets (Use "-" for gain)	-874,406,201.70	-219,564,976.07
Increase in deferred tax liabilities (Use "-" for decrease)	426,185,243.00	66,867,479.60
Decrease in inventory (Use "-" for increase)	-6,108,031,112.07	-3,013,184,423.74
Decrease of operating receivable items (Use "-" for increase)	-2,061,081,561.57	-1,591,304,230.95
Increase in operational payables (Use "-" for decrease)	8,882,166,156.12	5,072,167,615.36
Other	659,376,008.54	871,368,483.26
Net cash flow from operating activities	8,317,113,364.68	8,598,475,527.88
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Debts transferred to capital		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	10,799,993,468.81	9,137,900,902.04
Less: Opening balance of cash	9,137,900,902.04	6,913,191,984.54
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	1,662,092,566.77	2,224,708,917.50

(2) Net cash paid for the acquisition of subsidiaries in the current period

None

(3) Net amount of cash received for disposal of subsidiaries in the current period

Unit: RMB

	Amount
Cash or cash equivalents received in the current period from the disposal of subsidiaries	1,487,700.00

Including:	
Shenzhen Mototek Smart Technology Co., Ltd.	1,397,700.00
Qingdao Resonance Venture Capital Management Co., Ltd.	90,000.00
Less: cash and cash equivalents held by the Company on the date of loss of control	11,528,130.34
Including:	
Shenzhen Mototek Smart Technology Co., Ltd.	1,074,734.84
Qingdao Resonance Venture Capital Management Co., Ltd.	10,453,395.50
Including:	
Net cash received on disposal of subsidiaries	-10,040,430.34

Other explanations:

The net amount of cash received from the disposal of subsidiaries is RMB -10,040,430.34. As shown in the statement, net cash received from disposal of subsidiaries and other business units is RMB 322,965.16, and cash received relating to other investing activities is RMB 10,363,395.50.

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	10,799,993,468.81	9,137,900,902.04
Including: Cash on hand	33,671.21	160,703.83
Bank deposits that can be used for payment at any time	10,799,959,797.60	9,137,740,198.21
II. Cash equivalents		
III. Closing balance of cash and cash equivalents	10,799,993,468.81	9,137,900,902.04

62. Assets with restricted ownership or right to use

Unit: RMB

Item	Book value at the end of the reporting period	Reasons for restrictions
Cash at bank and on hand	1,392,748,538.84	Deposit for bills and borrowings
Notes receivable	5,848,815.01	Bill pledge and others
Current portion of non-current assets	70,184,291.67	When large-denomination certificates of deposit is pledged to the bank, the bank will issue financing guarantees, notes and so on
Other non-current assets	544,796,722.20	
Total	2,013,578,367.72	

63. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing foreign currency balance	Converted exchange rate	Closing converted RMB balance
Cash at bank and on hand			5,214,817,550.47
Including: USD	721,965,497.12	6.9646	5,028,200,901.24

Item	Closing foreign currency balance	Converted exchange rate	Closing converted RMB balance
EUR	405,195.97	7.4229	3,007,729.17
HKD	6,941,764.38	0.89327	6,200,869.87
JPY	286,096,106.00	0.052358	14,979,419.92
KRW	41,603,189.63	0.005523	229,774.42
NTD	12,940,036.00	0.227060	2,938,164.57
VDN	526,837,230,968.00	0.000295	155,416,983.14
DKK	3,850,242.00	0.998303	3,843,708.14
Accounts receivable			12,360,319,597.57
Including: USD	1,773,906,842.40	6.9646	12,354,551,594.58
EUR			
HKD			
JPY	14,403,528.61	0.052358	754,139.95
KRW	1,029,775.74	0.005523	5,687.45
NTD	8,572,715.01	0.227060	1,946,520.67
VDN	10,348,213,427.08	0.000295	3,052,722.96
DKK	8,947.14	0.998303	8,931.96
Other receivables			26,812,047.16
Including: USD	156,444.76	6.9646	1,089,575.18
JPY	153,881,253.00	0.052358	8,056,914.64
KRW	56,661,531.91	0.005523	312,941.64
NTD	3,339,993.00	0.227060	758,378.81
VDN	55,780,573,284.01	0.000295	16,455,269.12
DKK	139,204.00	0.998303	138,967.77
Short-term borrowings			2,820,642,774.42
Including: USD	390,366,793.00	6.9646	2,718,748,566.53
VDN	345,404,094,537.49	0.000295	101,894,207.89
Accounts payable			15,723,817,308.55
Including: USD	2,235,704,428.62	6.9646	15,570,787,063.57
EUR	213,478.00	7.4229	1,584,625.85
JPY	117,563,703.96	0.052358	6,155,400.41
KRW	116,634.40	0.005523	644.17
NTD	72,614.00	0.227060	16,487.73
VDN	492,451,141,765.14	0.000295	145,273,086.82
Other payables			10,948,533.09
Including: USD	347,299.40	6.9646	2,418,801.40
JPY	20,642,447.72	0.052358	1,080,797.28
KRW	3,582,778.82	0.005523	19,787.69
NTD	14,341,665.33	0.227060	3,256,418.53
VDN	12,024,034,599.82	0.000295	3,547,090.21
DKK	626,701.49	0.998303	625,637.98
Current portion of non-current liabilities			34,475,504.62
Including: USD	560,377.09	6.9646	3,902,802.28

Item	Closing foreign currency balance	Converted exchange rate	Closing converted RMB balance
JPY	135,528,112.75	0.052358	7,095,980.93
VND	79,582,106,482.23	0.000295	23,476,721.41
Lease liabilities			87,442,458.88
Including: USD	583,928.07	6.9646	4,066,825.44
JPY	187,325,864.03	0.052358	9,808,007.59
VND	249,381,782,531.75	0.000295	73,567,625.85

(2) Explanation of overseas operating entities, including, the main overseas operating places, bookkeeping base currency and selection basis for important overseas operating entities, and the reasons for changes in bookkeeping base currency.

Applicable Not applicable

Name of the important overseas operating entity	Main location of business operation	Accounting currency	Accounting currency selection basis	Whether there is any change in the accounting currency
Goertek Vina Co., Ltd	Vietnam	VND	Legal currency of the country where it is registered	No
Goertek Technology Vina Company Limited	Vietnam	VND	Legal currency of the country where it is registered	No
Goertek (HongKong) Co., Limited	Hong Kong	USD	Currency adopted in business receipts and payments	No

64. Government subsidies

(1) Basic information of government subsidies

Unit: RMB

Type	Amount	Reported items	Amount recorded in current profits and losses
Income-related	185,375,500.06	Other income	185,375,500.06
Income-related	102,855,000.00	Deferred income	102,855,000.00
Asset-related	55,206,363.10	Deferred income	1,975,233.51
Total	343,436,863.16		290,205,733.57

(2) Refund of government subsidies

Applicable Not applicable

65. Others

None

VIII. Change of combination scope

1. Business combination not under common control

None

2. Business combination under common control

None

3. Counter purchase

None

4. Disposal of subsidiaries

Whether there is a situation where a single disposal of investment in a subsidiary result in loss of control

Yes No

Unit: RMB

Name of subsidiary	Equity disposal price	Equity disposal ratio	Equity disposal method	Point of loss of control	The basis for determining the point of loss of control	The difference between the disposal price and the share of the net assets of the subsidiary at the consolidated financial statement level corresponding to the disposal of the investment	Percentage of equity remaining on the date of loss of control	Book value of equity remaining on the date of loss of control	Fair value of equity remaining on the date of loss of control	Gains or losses arising from remeasurement of remaining equity at fair value	Determination method and main assumptions of the fair value of the remaining equity on the date of loss of control	The amount of other comprehensive income related to the original subsidiary equity investment transferred to investment profit and loss
Shenzhen Mototek Smart Technology Co., Ltd.	1,397,700.00	100.00%	Equity transfer	November 7, 2022	Transfer of control	243,183.53						
Qingdao Resonance Venture Capital Management Co., Ltd.	2,295,000.00	51.00%	Equity transfer	December 27, 2022	Transfer of control	-466,685.97						

Whether there is any step-by-step disposal of investment in a subsidiary through multiple transactions and loss of control in the current period

Yes No

5. Change of combination scope for other reasons

Explain the changes in the combination scope caused by other reasons (such as newly established subsidiaries, liquidation

subsidiaries, etc.) and relevant information:

During the current period, the Company acquired 8 subsidiaries through establishment. They are respectively Goertek Optical Technology (Qingdao) Co., Ltd, Goertek Optical Technology (Shanghai) Co., Ltd, Qingdao Resonance Venture Capital Management Co., Ltd., Qingdao Resonance Phase I Venture Capital Fund Partnership (Limited Partnership), Weifang Goertek Electronics Co., Ltd., Qingdao Goertek Horizons Technology Co., Ltd, Weifang High-tech Zone Goertek Education Center and GOERTEK MICROELECTRONICS VIETNAM COMPANY LIMITED.

6. Others

None

IX. Interests in other entities

1. Interests in subsidiaries

(1) Composition of the Group

Name of subsidiary	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
				Direct	Indirect	
Weifang Goertek Electronics Co., Ltd.	Weifang	Weifang	Production	100.00%		Business combination involving enterprises under common control
Goertek Microelectronics Inc.	Qingdao	Qingdao	R&D, production & sales	85.90%		Establishment
Qingdao Goertek Microelectronics Research Institute Co., Ltd.	Qingdao	Qingdao	R&D, production & sales		85.90%	Establishment
Qingdao Goertek Intelligent Sensor Co., Ltd.	Qingdao	Qingdao	R&D, production & sales		85.90%	Establishment
Weifang Goertek Microelectronics Co., Ltd.	Weifang	Weifang	R&D, production & sales		85.90%	Business combination not involving enterprises under common control
Rongcheng Goertek Microelectronics Co., Ltd.	Rongcheng	Rongcheng	R&D, production & sales		85.90%	Establishment
Beijing Goertek Microelectronics Co., Ltd.	Beijing	Beijing	Sales		85.90%	Establishment
Shenzhen Goertek Microelectronics Co., Ltd.	Shenzhen	Shenzhen	R&D and sales		85.90%	Establishment

Wuxi Goertek Microelectronics Co., Ltd.	Wuxi	Wuxi	R&D		85.90%	Establishment
Shanghai Goertek Microelectronics Co., Ltd.	Shanghai	Shanghai	R&D		85.90%	Establishment
Goertek Microelectronics Holdings Co., Ltd.	Hong Kong	Hong Kong	Investment		85.90%	Establishment
Goertek Microelectronics (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Trade		85.90%	Establishment
GOERTEK MICROELECTRONICS CORPORATION	USA	USA	R&D and sales		85.90%	Establishment
Goertek Microelectronics Korea Co., Ltd.	Korea	Korea	R&D and sales		85.90%	Establishment
Goertek Microelectronics Vietnam Company Limited	Vietnam	Vietnam	Production & sales		85.90%	Establishment
Weifang Goertek Trading Co., Ltd.	Weifang	Weifang	Import and export trade	100.00%		Establishment
Yishui Goertek Electronics Co., Ltd.	Yishui	Yishui	Production & sales	100.00%		Establishment
Yili Precision Manufacturing Co., Ltd.	Weifang	Weifang	Production & sales	100.00%		Establishment
Weifang Goertek Communication Technology Co., Ltd.	Weifang	Weifang	Production & sales		100.00%	Business combination not involving enterprises under common control
Goertek Optical Technology Co., Ltd	Weifang	Weifang	Production & sales	65.10%		Business combination not involving enterprises under common control
Goertek Technology Co., Ltd.	Qingdao	Qingdao	R&D	100.00%		Establishment
Beijing Goertek Technology Co., Ltd.	Beijing	Beijing	R&D	100.00%		Business combination involving

						enterprises under common control
Qingdao Goertek Acoustics Technology Co., Ltd.	Qingdao	Qingdao	R&D and trading	100.00%		Establishment
Shenzhen Goertek Technology Co., Ltd.	Shenzhen	Shenzhen	R&D and design	100.00%		Business combination involving enterprises under common control
Shanghai Goertek Technology Co., Ltd.	Shanghai	Shanghai	R&D	100.00%		Establishment
Nanjing Goertek Technology Co., Ltd.	Nanjing	Nanjing	R&D	100.00%		Establishment
Weifang Lokomo Precision Industry Co., Ltd.	Weifang	Weifang	Production & sales	100.00%		Business combination involving enterprises under common control
Goertek Investment Co., Ltd.	Shanghai	Shanghai	Investment	100.00%		Establishment
Beijing Goertek Investment Management Co., Ltd.	Beijing	Beijing	Investment asset management		100.00%	Establishment
Olive Smart Hardware Investment Center LP	Qingdao	Qingdao	Equity investment		100.00%	Establishment
Dongguan JoyForce Precision Manufacturing Co., Ltd.	Dongguan	Dongguan	R&D, production & sales	100.00%		Establishment
Goertek Intelligence Technology Co., Ltd.	Dongguan	Dongguan	R&D, production & sales	100.00%		Establishment
Rongcheng Goertek Technology Co., Ltd.	Rongcheng	Rongcheng	R&D, production & sales	100.00%		Establishment
Qingdao Goertek Commercial Factoring Co., Ltd.	Qingdao	Qingdao	Commercial factoring	100.00%		Establishment

Kunshan Goertek Electronics Co., Ltd	Kunshan	Kunshan	R&D	100.00%		Establishment
Nanning Goertek Electronics Co., Ltd	Nanning	Nanning	R&D, production & sales	100.00%		Establishment
Nanning Goertek Trading Co., Ltd.	Nanning	Nanning	Trade		100.00%	Establishment
Xi'an Goertek Electronic Technology Co., Ltd.	Xi'an	Xi'an	R&D	100.00%		Establishment
Yishui TECO Electronic Technology Co., Ltd.	Yishui	Yishui	R&D, production & sales		100.00%	Establishment
Goertek Optical Technology (Qingdao) Co., Ltd	Qingdao	Qingdao	R&D, production & sales		65.10%	Establishment
Goertek Optical Technology (Shanghai) Co., Ltd	Shanghai	Shanghai	R&D, production & sales		65.10%	Establishment
Qingdao Resonance Phase I Venture Capital Fund Partnership (Limited Partnership)	Qingdao	Qingdao	Investment	72.00%		Establishment
Weifang Goertek Electronics Co., Ltd.	Weifang	Weifang	Production & sales		100.00%	Establishment
Qingdao Goertek Horizons Technology Co., Ltd	Qingdao	Qingdao	Production & sales	100.00%		Establishment
Weifang High-tech Zone Goertek Education Center	Weifang	Weifang	Education and training	100.00%		Establishment
Goertek Vina Co., Ltd	Vietnam	Vietnam	Production & sales	98.00%	2.00%	Establishment
Goertek Technology Korea Co., Ltd.	Korea	Korea	R&D and trading	100.00%		Establishment
Goertek (HongKong) Co., Limited	Hong Kong	Hong Kong	Trade investment		100.00%	Establishment

Goertek Technology Vina Company Limited	Vietnam	Vietnam	Production & sales		100.00%	Establishment
Goertek Precision Industry Vietnam Company Limited	Vietnam	Vietnam	Production & sales		100.00%	Establishment
GoerTek Audio Technologies Aps	Denmark	Denmark	Sales services		100.00%	Establishment
Goertek Seiki Technology Co., Ltd.	Japan	Japan	R&D, production & sales		100.00%	Establishment
OPTIMAS CAPITAL PARTNERS FUND LP	Hong Kong	Hong Kong	Investment		76.92%	Establishment
Goertek Electronics, Inc.	USA	USA	R&D and trading	100.00%		Business combination not involving enterprises under common control
Goertek Technology Taiwan Co., Ltd.	Taiwan	Taiwan	Trade	100.00%		Establishment
Goertek Technology Japan Co., Ltd.	Japan	Japan	R&D and trading	100.00%		Establishment
Goertek Technology (Hong Kong) Co., Limited	Hong Kong	Hong Kong	Trade investment		100.00%	Establishment

Explanation of the shareholding ratio in subsidiaries different from the voting ratio:

The percentages of indirect shareholdings are equal to the sum of all the share proportions of entities within the Group which hold the equity of the subsidiary.

Basis for holding half or less of the voting power but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

None

Basis for controlling important structured entities included in the combination scope:

None

Basis for determining whether a company is an agent or a principal:

None

(2) Important non-wholly-owned subsidiary

Unit: RMB

Name of subsidiary	Shareholding ratio of minority shareholders	Gain or loss which belongs to minority shareholders in the	Dividends declared and distributed to minority shareholders in the	Balance of minority interest at the end of the period
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		current period	current period	
Goertek Microelectronics Inc.	14.10%	45,892,240.23		588,098,360.72

Explanation of the shareholding ratio of minority shareholders in subsidiaries different from the voting ratio:

None

(3) Main financial information of major non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Goertek Microelectronics Inc.	3,280,736,543.83	1,912,061,705.04	5,192,798,248.87	719,627,589.92	302,828,445.93	1,022,456,035.85	3,719,286,194.06	1,449,333,493.18	5,168,619,687.24	1,116,518,234.62	278,293,567.19	1,394,811,801.81

Unit: RMB

Name of subsidiary	2022				2021			
	Operating revenue	Net profit	Total comprehensive income	Cash flows generated from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows generated from operating activities
Goertek Microelectronics Inc.	3,125,294,545.15	325,529,492.08	343,719,098.17	694,417,027.98	3,345,124,962.51	329,435,281.13	326,211,317.42	-174,770,880.10

(4) Major restrictions on using the Group's assets and paying off the Group's debts

None

(5) Financial support or other support provided to structured entities included in consolidated financial statements

None

2. The share of owner's equity in the subsidiary has changed and still controls the transactions of the subsidiary

(1) Explanation of changes in the share of shareholders' equity in subsidiaries

In June 2022, Goertek Group Co., Ltd., Zhuoguang Tonghe Technology (Tianjin) Partnership (Limited Partnership), Zhuoguang Hongda Technology (Tianjin) Partnership (Limited Partnership), Zhuoguang Jiacheng Technology (Tianjin) Partnership (Limited Partnership), Zhuoguang Xiangrong Technology (Tianjin) Partnership (Limited Partnership), Jiang Bin, and Jiang Long increased the capital of the subsidiary, Goertek Optical Technology Co., Ltd, by RMB 513.74 million. Of which, RMB 321.68 million was included in the newly added registered capital, and the rest was included in the capital surplus. After the capital increase, the Company's shareholding in Goertek Optical Technology Co., Ltd changed from 100.00% to 65.10%. As of the end of the period, Goertek Optical Technology Co., Ltd had received a capital increase of RMB 274,153,071.55 from minority shareholders. The premium contribution of minority shareholders increased the capital surplus by RMB 94,888,612.81.

(2) The impact of transactions on minority' equity and the equity attributable to the parent company

Unit: RMB

	Goertek Optical Technology Co., Ltd
Purchase cost/disposal consideration	274,153,071.55
—Cash	274,153,071.55
—Fair value of non-cash assets	

Total purchase cost/disposal consideration	274,153,071.55
Less: The net asset share of a subsidiary calculated according to the proportion of the equity acquired/disposed	179,264,458.74
Difference	94,888,612.81
Including: Adjustment of capital surplus	94,888,612.81
Adjusted surplus reserve	
Undistributed profits after adjustment	

3. Rights and interests in joint venture arrangements and associated enterprises

(1) Important joint ventures and associated enterprises

None

(2) Main financial information of important joint ventures

None

(3) Main financial information of important associated enterprises

None

(4) Summary of financial information of unimportant joint ventures and associates

Unit: RMB

	Closing balance/amount incurred in current period	Opening balance/amount incurred in previous period
Joint ventures:		
The total of the following items calculated according to the shareholding ratio		
Associated enterprises:		
Total book value of investment	361,008,671.83	437,402,203.91
The total of the following items calculated according to the shareholding ratio		
—Net profit	2,298,237.32	23,111,753.41
—Other comprehensive income	-15,493,341.86	1,189,723.34
—Total comprehensive income	-13,195,104.54	24,301,476.75

(5) Statement of important restrictions on the ability of joint ventures or associates to transfer capital to the Company

None

(6) Excess losses incurred by joint ventures or associated enterprises

None

(7) Unrecognized commitments related to the investment in joint ventures

None

(8) Contingent liabilities related to the investment in joint ventures or associates

None

4. Important joint operation

None

5. Rights and interests in structured entities not included in consolidated financial statements

Explanation of structured entities not recorded in the consolidated financial statements:

None

6. Others

None

X. Risks related to financial instruments

The major financial instruments of the Group include equity investments, accounts receivable, borrowings and accounts payable, etc. For details on the financial instruments, please see this Note VII. Relevant Items. Risks related to the financial instruments and the Group's risk management policy used for reducing these risks is stated as follows. The Group's management manages and monitors these exposures to ensure that these risks are controlled within a limited scope.

The Group analyzes the reasonableness of risk variables and the impact of potential changes on current loss or profit or shareholder's equity using sensitivity analysis techniques. As risk variables rarely change in isolation, and the correlation between any two of the risk variables will have a great effect on the final impact amount of a certain risk variable, the following disclosures are made assuming that each variable changes in isolation.

(I) Risk management goals and policies

The Group's risk management aims to reach appropriate balancing between risks and benefits, to minimize the negative impact of risks on the Group's operating results, and to maximize the interests of shareholders and other equity investors. Based on these risk management goals, the Group's basic strategy for risk management is to determine and analyze various risks faced by the Group, establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner to control the risks within a limited scope.

1. Market risk**(1) Foreign exchange risk**

Foreign exchange risk refers to the risk of loss due to exchange rate change. The Group's exposure to foreign exchange mainly involves US dollars. Except that the Company and its subsidiaries purchase and sell in USD, EUR, JPY, VND, DKK, HKD, NTD and KRW, other main business of the Group is measured and settled in RMB. As of December 31, 2022, the foreign currency monetary items of the Company are detailed in Note VII. 63. Except that the assets or liabilities, financial assets held for trading, financial liabilities held for trading, some investments in other equity instruments, some other non-current financial assets, and some other non-current assets mentioned in the table are foreign currency balances, the Group's assets and liabilities are mainly recorded in RMB. The foreign exchange risks arising from the assets and liabilities denominated in foreign currencies may have an impact on the operating results of the Group.

The Group closely monitors the impact of exchange rate changes on the Group's foreign exchange risks. The Company has large volume of export sales, and needs to import some raw materials. Some equipment for research, development, production and testing of the Company also needs to be purchased from abroad. The Company's export sales and imported raw materials are mainly settled in USD. The depreciation of USD and the appreciation of RMB will reduce the procurement cost of imported raw materials, but adversely affect the competitiveness of the Company's products in overseas markets. Considering the import of raw materials and export of products, the appreciation of RMB against USD will affect the Company's profitability to some extent.

Sensitivity analysis over foreign exchange risks:

When other variables remain unchanged, the possible reasonable changes in USD currency rate may have the following effects on current profits and losses, as well as shareholders' equity:

Unit: RMB

Item	Change in exchange rate	2022		2021	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
USD	3% appreciation against RMB	-17,700,129.48	-20,864,011.13	74,152,124.92	71,951,894.19
USD	3% depreciation against RMB	17,700,129.48	20,864,011.13	-74,152,124.92	-71,951,894.19

(2) Interest rate risk - cash flow change risk

The Group's risk of cash flow changes of financial instruments arising from interest rate changes mainly involves floating rate bank borrowings. At present, the interest rate of the Group's bank borrowings is mainly floating rate.

Interest rate risk sensitivity analysis:

The sensitivity analysis over interest rate risks is conducted based on the following assumptions:

Changes in market interest rates affect the interest income or expense of financial instruments with variable interest rates;

For fixed-rate financial instruments measured at fair value, changes in market interest rates only affect their interest income or expense;

For derivative financial instruments designated as hedge instruments, changes in market interest rates affect their fair value, and all interest rate hedging is expected to be highly effective;

Changes in fair values of derivative financial instruments and other financial assets and liabilities are calculated using the discounted cash flow method at the market interest rate on the balance sheet date.

On the basis of the above assumptions, when other variables remain unchanged, the possible reasonable changes in interest rates may have the following effects on current profits and losses, as well as shareholders' equity:

Unit: RMB

Item	Interest rate change	2022		2021	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
Bank borrowings	Float up by 10%	-24,185,541.46	-24,185,541.46	-16,563,847.02	-16,563,847.02
Bank borrowings	Float down by 10%	24,185,541.46	24,185,541.46	16,563,847.02	16,563,847.02

(3) Other price risks

None

2. Credit risk

As of December 31, 2022, the maximum credit risk exposure that may cause the Group's financial loss resulted from the loss in the Group's financial assets caused by the counterparty's failure to perform its contractual obligations.

In order to reduce credit risk, the Group sets up a team to determine the credit limit, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. Additionally, the Company cooperates with commercial insurance institutions to insure for high-risk customers, so as to reduce the risk of bad debts from credit sale. In addition, the Group reviews the recovery of each individual receivable on each balance sheet date to ensure that adequate bad debt provision is made for unrecoverable amounts. Therefore, the Group's management believes that the credit risk undertaken by the Group has been greatly reduced.

The Group has put in place necessary policies to ensure that all its customers have good credit records.

The Group's non-cash cash at bank and on hand are mainly deposited with financial institutions with good credit. The management believes that there is no significant credit risk, and it is expected that the default of counterparty will not cause significant losses to the Group.

(1) There is no overdue and undepreciated amount in the Group's receivables;

(2) The analysis of financial assets with individual impairment involves the judgment on the factors to be considered in the impairment of the financial assets

None

3. Liquidity risk

When managing liquidity risk, the Group maintains and monitors cash and cash equivalents the management deems sufficient to meet the Group's business needs and reduce the impact of cash flow fluctuations. The management of the Group monitors the use of bank borrowings and ensure the compliance with borrowing agreements.

The Group uses bank borrowings and equity instruments as its main sources of funds. As of December 31, 2022, the unused bank credit line of the Group was RMB 31.583 billion (December 31, 2021: RMB 27.495 billion).

(II) Transfer of financial assets

1. The financial assets transferred but not derecognized

None

2. The financial assets transferred and derecognized

Items	Amount recognized at the end of the period (RMB)
Notes receivable	2,371,001.15

(III) Offset of financial assets and financial liabilities

None

XI. Disclosure of fair value

1. The ending fair value of assets and liabilities measured at fair value

Unit: RMB

Item	Fair value of closing			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
(I) Financial assets held for trading	32,722,198.06	185,939,899.60	120,000,000.00	338,662,097.66
1. Financial assets measured at fair value through profit and loss	32,722,198.06	185,939,899.60	120,000,000.00	338,662,097.66
(2) Equity instrument investment	32,722,198.06		120,000,000.00	152,722,198.06
(3) Derivative financial assets		185,939,899.60		185,939,899.60
(II) Other debt investments			22,375,874.12	22,375,874.12
(III) Investments in other equity instruments			699,249,262.24	699,249,262.24
(IV) Investment properties				
(V) Biological assets				
(VI) Other non-current financial assets			318,661,575.31	318,661,575.31
Total assets consistently measured at fair value	32,722,198.06	185,939,899.60	1,160,286,711.67	1,378,948,809.33
(VII) Financial liabilities held for trading		202,293,742.46		202,293,742.46
Derivative financial liabilities		202,293,742.46		202,293,742.46
(VIII) Financial liabilities designated to be measured at				

fair value through profit and loss				
Total liabilities continuously measured at fair value		202,293,742.46		202,293,742.46
II. Non-continuous fair value measurement	--	--	--	--

2. Determination basis for the market price of continuous and non-continuous first-level fair value measurement items

The closing price at the end of the year is used as the basis for determining the market price of the shares of foreign listed companies held by the Company.

3. Qualitative and quantitative information on the valuation techniques and important parameters used in continuous and non-continuous second-level fair value measurement items

Directly or indirectly observable input values of related assets or liabilities except first-level inputs.

4. Qualitative and quantitative information on the valuation techniques and important parameters used in continuous and non-continuous third-level fair value measurement items

Basis for determining fair value according to the value assessed under the income method and the asset-based method and the net book asset.

5. Adjustment information and sensitivity analysis of non-observable parameters between beginning and closing book value for continuous third-level fair value measurement items

None

6. Conversion among different levels in the current period, reasons for conversion and the policy for determining conversion time points in continuous fair value measurement items,

None

7. Changes in valuation techniques during the current period and reasons for changes

None

8. Fair value of financial assets and financial liabilities not measured at fair value

None

9. Others

None

XII. Related parties and related transactions

1. Information about the parent company of the Company

Parent company name	Registration place	Business nature	Registered capital	Shareholding ratio of the Company to the Company	Proportion of voting rights of the Company in the Company
Goertek Group Co., Ltd.	Weifang	Equity investment management, etc.	RMB 100 million	14.84%	14.84%

Explanation of the parent company of the Company

The Company's parent company and final parent company is Goertek Group Co., Ltd.

The final controller of the Company is Goertek Group Co., Ltd.

2. Information on subsidiaries of the Company

See Note IX. 1. Interests in subsidiaries for details of the subsidiaries of the Company

3. Information on joint ventures and associated enterprises of the Company

See Note IX. 3. Rights and interests in joint venture arrangements and associated enterprises for details of the important joint ventures or associated enterprises of the Company

4. Information on other related parties

Name of other related parties	Relationship between other related parties and the Company
Jiang Bin	Actual controller and board chairman of the Company
Hu Shuangmei	Person acting in concert with the actual controller
Shanghai Goertek Robot Co., Ltd.	Associate of the parent company
Weifang ShiXiang Real Estate Co., Ltd.	Associate of the parent company
Weifang Goer Farm Co., Ltd.	Business of the same actual controller
Weifang Goer Manor Trading Co., Ltd.	Business of the same actual controller
Weifang Goer Manor food & Beverage Co., Ltd.	Business of the same actual controller
Weifang Goer Property Service Co., Ltd.	Business of the same actual controller
Weifang Point Hotel Management Co., Ltd.	Business of the same actual controller
Weihai Goer Ecological Agriculture Co., Ltd.	Business of the same actual controller
Dotcom Investment Co., Ltd.	Enterprise controlled by an affiliated natural person
Beijing Bubble Lab Co., Ltd.	Enterprise controlled by an affiliated natural person
Weifang Daozao Catering Company Co., Ltd.	Business of the same actual controller
Weifang Goer Real Estate Co., Ltd.	Business of the same actual controller
Weifang Dotcom Catering Management Co., Ltd.	Enterprise controlled by an affiliated natural person
Qingdao Dotcom Catering Management Co., Ltd.	Enterprise controlled by an affiliated natural person
BUAA Goertek (Weifang) Intelligent Robot Co., Ltd.	Business of the same actual controller
Weifang Goer School	Business of the same actual controller
Weifang High-Tech Zone Yasong Linju Kindergarten	Business of the same actual controller
Weifang High-Tech Zone Goer Kindergarten	Business of the same actual controller
Dynaudio (Shanghai) Co.,Ltd	Enterprise controlled by an affiliated natural person
Dynaudio Holding A/S	Enterprise controlled by an affiliated natural person
Beijing Xiaoniao Tingting Technology Co., Ltd	Parent company's associate, de-registered on December 8, 2022
Qingdao Point Hotel Management Co., Ltd.	Business of the same actual controller
Wemake (Weihai) Digital Creative Technology Co., Ltd.	Business of the same actual controller
Wemake (Qingdao) Digital Creative Technology Co., Ltd.	Business of the same actual controller
Weifang Hanzhi Enterprise Management Co., Ltd.	Business of the same actual controller
Weihai Point Hotel Management Co., Ltd.	Business of the same actual controller
Weifang Goerdyna Technology Co., Ltd.	Enterprise controlled by an affiliated natural person
Shandong Goer Education Group Co., Ltd.	Business of the same actual controller
Weifang Hanhui Enterprise Management Co., Ltd.	Business of the same actual controller
Wemake (Beijing) Digital Creative Technology Co., Ltd.	Business of the same actual controller

Weifang Gudian Garden Floriculture Co., Ltd.	Enterprise controlled by an affiliated natural person
Little Bird Co., Ltd	Enterprise controlled by an affiliated natural person
Jiaying Yuguang Opto-electronic Technology Co, Ltd.	The subsidiary of a joint venture
Anqiu Wenge Vocational Training School Co., Ltd.	Business of the same actual controller
Gongqingcheng Zhuiyuan Phase II Venture Capital Partnership (Limited Partnership)	An enterprise actually controlled by Mr. Liu Chengmin, the former director of the Company and a joint investor of GravityXR Electronics and Technology Co., Ltd.
Shenzhen Zhuiyuan Fortune Investment Partnership (Limited Partnership)	An enterprise actually controlled by Mr. Liu Chengmin, the former director of the Company and a joint investor of Beijing Uphoton Technology Co., Ltd
GoerDyna Technology Co., Ltd.	Enterprise controlled by an affiliated natural person
Jiang Long	Affiliated natural person
Zhuoguang Xiangrong Technology (Tianjin) Partnership (Limited Partnership)	An entity controlled by affiliated natural persons as managing partners

5. Related party transactions

(1) Related transactions involving commodity purchase, and rendering and receipt of services

Statement of purchasing goods/accepting labor services

Unit: RMB

Related parties	Related transactions	2022	Approved trading limit	Exceed the trading limit or not	2021
AKM Industrial Company Limited	Purchasing raw materials	203,633,398.93	300,000,000.00	No	108,622,154.32
Weifang Goer Farm Co., Ltd.	Purchasing goods and services	49,549,859.14		No	11,559,035.68
Weifang Point Hotel Management Co., Ltd.	Purchasing goods and services	16,117,887.30		No	14,774,953.49
Qingdao Virtual Reality Institute Co., Ltd.	Purchasing goods and services	11,968,898.11			13,674,912.95
Weifang Goer Property Service Co., Ltd.	Purchasing goods and services	8,688,125.52		No	6,399,062.47
Weifang Goer Manor Trading Co., Ltd.	Purchasing goods	8,499,702.97		No	2,279,607.11
Weifang Goerdyna Technology Co., Ltd.	Purchasing goods	7,057,138.25		No	12,059,629.96
Goertek Group Co., Ltd.	Purchasing goods and services	7,040,506.52		No	
Qingdao Point Hotel Management Co., Ltd.	Receiving labor service	4,594,268.33		No	1,973,014.81
BUAA Goertek (Weifang) Intelligent Robot Co., Ltd.	Purchasing goods and services	3,960,783.47		No	2,016,497.00
Shanghai Goertek Robot Co., Ltd.	Purchasing goods and services	3,722,511.29			7,345,708.62
Weifang Dotcom Catering Management Co., Ltd.	Purchasing goods and services	2,752,240.44		No	30,550,429.90

Weifang Goer Manor food & Beverage Co., Ltd.	Purchasing goods	2,643,410.57		No	2,125,413.79
Beijing Bubble Lab Co., Ltd.	Purchasing goods and services	2,312,197.60		No	2,068,337.18
Weihai Goer Ecological Agriculture Co., Ltd.	Purchasing goods	1,778,882.75		No	632,726.75
Beijing Xiaoniao Tingting Technology Co., Ltd	Purchasing goods	1,768,403.43			9,895,201.01
Little Bird Co., Ltd	Purchasing goods	1,023,036.15			
Dotcom Investment Co., Ltd.	Purchasing goods and services	1,015,175.98		No	1,397,275.64
Weifang Daozao Catering Company Co., Ltd.	Purchasing goods and services	303,917.60		No	485,022.00
Wemake (Weihai) Digital Creative Technology Co., Ltd.	Purchasing goods and services	256,136.46		No	261,489.60
Wemake (Qingdao) Digital Creative Technology Co., Ltd.	Purchasing goods and services	74,709.16		No	
Weifang Goer School	Receiving labor service	65,140.00		No	
Wemake (Beijing) Digital Creative Technology Co., Ltd.	Receiving labor service	61,072.39		No	
Qingdao Dotcom Catering Management Co., Ltd.	Purchasing goods	21,818.80		No	
Weifang Gudian Garden Floriculture Co., Ltd.	Purchasing goods	17,463.00		No	
Dynaudio Holding A/S	Purchasing goods and services	13,356.22		No	10,088,269.89
Weifang Goer Real Estate Co., Ltd.	Receiving labor service	3,600.00		No	
Weifang ShiXiang Real Estate Co., Ltd.	Purchasing goods and services				800.00
Dynaudio (Shanghai) Co.,Ltd	Purchasing goods			No	454,032.00
Qingdao Pico Technology Co., Ltd.	Purchasing goods				8,172,060.06
Weihai Point Hotel Management Co., Ltd.	Receiving labor service	14,876.00		No	38,750.94

Statement of sales of goods/rendering of services

Unit: RMB

Related parties	Related transactions	2022	2021
Weifang Goerdyna Technology	Sales of goods and services	29,201,690.39	18,684,849.56

Co., Ltd.			
Little Bird Co., Ltd	Sales of goods	11,728,490.03	
Beijing Xiaoniao Tingting Technology Co., Ltd	Sales of goods	8,203,382.90	43,567,472.65
AKM Industrial Company Limited	Sales of goods	7,937,930.55	1,134,756.63
Goertek Group Co., Ltd.	Sales of goods and services	3,136,184.07	1,790,210.80
Qingdao Virtual Reality Institute Co., Ltd.	Sales of goods and services	2,011,217.85	1,405,755.94
Shanghai Goertek Robot Co., Ltd.	Sales of goods and services	1,535,597.08	114,747.48
Weifang Goer Farm Co., Ltd.	Sales of goods	1,121,814.20	
Weifang Dotcom Catering Management Co., Ltd.	Sales of goods and services	719,821.85	1,477,900.21
BUAA Goertek (Weifang) Intelligent Robot Co., Ltd.	Sales of goods	677,865.74	12,156.24
GravityXR Electronics and Technology Co., Ltd.	Sales of goods	578,775.60	
Jiaxing Yuguang Opto-electronic Technology Co, Ltd.	Sales of goods	424,929.60	
Dynaudio (Shanghai) Co.,Ltd	Sales of goods and services	132,629.36	7,809,105.05
Weifang Goer Manor Trading Co., Ltd.	Sales of goods	128,364.96	154,535.59
Anqiu Wenge Vocational Training School Co., Ltd.	Sales of goods	22,641.51	
Dynaudio Holding A/S	Sales of goods	22,683.88	835,047.55
Weifang Goertek Home Decoration Engineering Co., Ltd.	Rendering of service		1,691,619.08
Wemake (Beijing) Digital Creative Technology Co., Ltd.	Rendering of service		42,000.00
Qingdao Point Hotel Management Co., Ltd.	Rendering of service		238,490.57
Qingdao Pico Technology Co., Ltd.	Sales of goods		164,082,292.53
Weifang Goer School	Sales of goods		29,339.62
Weifang Point Hotel Management Co., Ltd.	Sales of goods		1,460.18

Explanation of related party transactions in purchasing and selling goods, rendering and receiving labor services

For details about the Company's and its subsidiaries' estimated trading limit of daily transactions with Goertek Group and its subsidiaries, please see the Announcement of Goertek Inc. on Estimated Daily Related Transactions in 2022, issued through information disclosure media on March 30, 2022.

(2) Related entrusted management/contracting and entrusted management/outsourcing

None

(3) Information of related lease

The Company acts as the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognized in current period	Lease income recognized in last period
Weifang Goerdyna Technology Co., Ltd.	Building	5,489,586.84	2,407,111.58
Weifang Point Hotel Management Co., Ltd.	Building	317,976.42	248,794.77
BUAA Goertek (Weifang) Intelligent Robot Co., Ltd.	Building	175,318.29	186,382.10
Weifang High-Tech Zone Yasong Linju Kindergarten	Building	152,190.47	43,885.72
Anqiu Wenge Vocational Training School Co., Ltd.	Building	114,285.71	
Dotcom Investment Co., Ltd.	Building	39,633.03	
Weifang Dotcom Catering Management Co., Ltd.	Building	39,633.03	
Wemake (Weihai) Digital Creative Technology Co., Ltd.	Building	28,899.08	
Goertek Group Co., Ltd.	Building	12,735.85	
Weifang Goer School	Building		91,721.99
Weifang High-Tech Zone Goer Kindergarten	Building		22,400.00
Weifang Hanzhi Enterprise Management Co., Ltd.	Building		39,633.03
Shandong Goer Education Group Co., Ltd.	Building		7,840.44

The Company acts as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Rental charges for simplified treatment of short-term leases and low-value asset leases (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expenses incurred on lease liabilities		Increased right-of-use assets	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Goertek Group Co., Ltd.	Building	224,177.95		224,177.95		668,878.77	444,700.82	7,519.10	22,557.29		286,441.75
Qingdao Virtual Reality Institute Co., Ltd.	Equipment	615,087.00		615,087.00		615,087.00					
Weifang Goer Farm Co., Ltd.	Building		1,449,000.00		1,449,000.00		1,449,000.00				
Weifang Hanhui Enterprise Management Co., Ltd.	Building		20,078.80		20,078.80		20,078.80				

(4) Related guarantees

The Company acts as the guarantor

Unit: RMB

Guaranteed party	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek (HongKong) Co., Limited	174,115,000.00	August 20, 2021	August 20, 2022	Yes
Goertek (HongKong)	69,646,000.00	September 10, 2021	September 10, 2022	Yes

Co.,Limited				
Goertek (HongKong) Co.,Limited	69,646,000.00	October 20, 2021	October 20, 2022	Yes
Goertek (HongKong) Co.,Limited	793,790,285.00	January 16, 2020	January 16, 2023	Yes
Goertek (HongKong) Co.,Limited	34,997,115.00	January 17, 2020	January 16, 2023	Yes
Goertek (HongKong) Co.,Limited	494,486,600.00	February 24, 2020	January 16, 2023	Yes
Goertek (HongKong) Co.,Limited	69,646,000.00	September 10, 2022	February 5, 2023	No
Goertek (HongKong) Co.,Limited	69,646,000.00	October 20, 2022	February 5, 2023	No
Goertek (HongKong) Co.,Limited	174,115,000.00	August 20, 2022	August 9, 2023	Yes
Goertek (HongKong) Co.,Limited	205,455,700.00	May 17, 2022	April 26, 2023	No
Goertek (HongKong) Co.,Limited	142,774,300.00	May 24, 2022	May 4, 2023	No
Goertek Technology Vina Company Limited	23,000,000.00	June 6, 2021	June 5, 2022	Yes
Goertek Technology Vina Company Limited	4,500,000.00	June 6, 2021	June 5, 2022	Yes
Goertek Technology Vina Company Limited	496,413,129.00	July 30, 2021	July 29, 2022	Yes
Goertek Technology Vina Company Limited	85,036,553.00	October 18, 2021	October 17, 2022	Yes
Goertek Technology Vina Company Limited	55,000,000.00	August 1, 2021	July 30, 2022	Yes
Goertek Technology Vina Company Limited	139,292,000.00	June 29, 2021	June 29, 2022	Yes
Goertek Technology Vina Company Limited	11,732,000.00	June 22, 2022	June 21, 2023	No
Goertek Technology Vina Company Limited	1,080,000.00	June 22, 2022	June 21, 2023	No
Weifang Goertek Microelectronics Co., Ltd.	5,000,000.00	March 27, 2021	March 26, 2022	Yes
Weifang Goertek Microelectronics Co., Ltd.	3,000,000.00	May 12, 2022	May 11, 2023	No
Rongcheng Goertek Microelectronics Co., Ltd.	3,000,000.00	May 12, 2022	May 11, 2023	No
Goertek Microelectronics Inc.	20,893,800.00	November 19, 2021	November 18, 2022	Yes
Goertek Microelectronics Inc.	20,893,800.00	November 18, 2022	November 17, 2023	No
Goertek Intelligence Technology Co., Ltd.	4,000,000.00	June 10, 2021	June 9, 2022	Yes

The Company acts as the guaranteed party

Unit: RMB

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek Group Co., Ltd.	400,000,000.00	September 29, 2020	September 28, 2022	Yes
Goertek Group Co., Ltd.	200,000,000.00	April 1, 2021	March 31, 2022	Yes
Goertek Group Co., Ltd.	50,000,000.00	September 8, 2021	March 7, 2022	Yes
Goertek Group Co., Ltd.	10,920,000.00	September 28, 2021	January 25, 2022	Yes
Goertek Group Co., Ltd.	6,900,000.00	September 28, 2021	March 25, 2022	Yes
Goertek Group Co., Ltd.	9,980,000.00	September 28, 2021	February 25, 2022	Yes
Goertek Group Co., Ltd.	5,676,000.00	October 25, 2021	January 25, 2022	Yes
Goertek Group Co., Ltd.	300,000,000.00	October 29, 2021	October 28, 2022	Yes
Goertek Group Co., Ltd.	4,880,000.00	November 8, 2021	April 25, 2022	Yes
Goertek Group Co., Ltd.	4,550,000.00	November 8, 2021	February 25, 2022	Yes
Goertek Group Co., Ltd.	3,870,000.00	November 8, 2021	January 25, 2022	Yes
Goertek Group Co., Ltd.	50,000,000.00	November 18, 2021	May 17, 2022	Yes
Goertek Group Co., Ltd.	2,055,000.00	November 29, 2021	March 25, 2022	Yes
Goertek Group Co., Ltd.	1,560,000.00	November 29, 2021	April 25, 2022	Yes
Goertek Group Co., Ltd.	1,710,000.00	November 29, 2021	May 25, 2022	Yes
Goertek Group Co., Ltd.	4,770,000.00	November 29, 2021	May 25, 2022	Yes
Goertek Group Co., Ltd.	1,930,000.00	November 29, 2021	May 25, 2022	Yes
Goertek Group Co., Ltd.	10,249,000.00	November 29, 2021	May 25, 2022	Yes
Goertek Group Co., Ltd.	50,000,000.00	December 17, 2021	June 16, 2022	Yes
Goertek Group Co., Ltd.	4,800,000.00	January 11, 2022	June 27, 2022	Yes
Goertek Group Co., Ltd.	4,920,000.00	January 11, 2022	March 25, 2022	Yes
Goertek Group Co., Ltd.	2,000,000.00	January 11, 2022	March 25, 2022	Yes
Goertek Group Co., Ltd.	50,000,000.00	January 19, 2022	July 19, 2022	Yes
Goertek Group Co., Ltd.	200,000,000.00	March 29, 2022	March 29, 2027	No
Goertek Group Co., Ltd.	30,000,000.00	April 21, 2022	October 20, 2022	Yes
Goertek Group Co., Ltd.	40,000,000.00	May 18, 2022	November 18, 2022	Yes
Goertek Group Co., Ltd.	40,000,000.00	June 17, 2022	December 16, 2022	Yes
Goertek Group Co., Ltd.	200,000,000.00	June 24, 2022	March 29, 2027	No
Goertek Group Co., Ltd.	20,000,000.00	July 19, 2022	January 19, 2023	No
Goertek Group Co., Ltd.	30,000,000.00	July 26, 2022	September 25, 2022	Yes
Goertek Group Co., Ltd.	200,000,000.00	July 29, 2022	July 28, 2025	No
Goertek Group Co., Ltd.	500,000,000.00	September 19, 2022	September 19, 2025	No
Goertek Group Co., Ltd.	1,448,636.80	February 2, 2021	July 20, 2021	Yes
Goertek Group Co., Ltd.	15,000,000.00	March 23, 2022	May 31, 2023	Yes
Goertek Group Co., Ltd.	35,000,000.00	September 2, 2022	May 31, 2023	No
Goertek Group Co., Ltd.	9,000,000.00	March 23, 2022	May 31, 2023	No
Goertek Group Co., Ltd.	2,500,000.00	March 23, 2022	May 31, 2023	No
Goertek Group Co., Ltd.	146,256,600.00	April 11, 2022	July 31, 2023	Yes
Goertek Group Co., Ltd.	274,405,240.00	September 2, 2022	July 31, 2023	No
Goertek Group Co., Ltd.	130,000,000.00	September 2, 2022	May 31, 2023	No
Goertek Group Co., Ltd.	50,000,000.00	September 2, 2022	May 31, 2023	No
Goertek Group Co., Ltd.	26,000,000.00	September 2, 2022	May 31, 2023	No

Explanation of related guarantee

The borrowings of USD 113,975,000.00, USD 5,025,000.00, and USD 71,000,000.00 by a subsidiary, Goertek (HongKong) Co.,Limited, were repaid in January and March 2022.

The borrowing of USD 25,000,000.00 by Goertek (HongKong) Co.,Limited, was repaid on December 23, 2022.

(5) Funds borrowed from related parties

None

(6) Transfer of assets and debt restructuring of related parties

Unit: RMB

Related parties	Related transactions	2022	2021
Weifang Goer Real Estate Co., Ltd.	Purchasing fixed assets, etc.	27,820,895.00	
Wemake (Weihai) Digital Creative Technology Co., Ltd.	Purchasing fixed assets, etc.	9,513,110.31	56,603.77
Weifang Goer Farm Co., Ltd.	Purchasing fixed assets, etc.	3,453,438.60	
Qingdao Virtual Reality Institute Co., Ltd.	Purchasing fixed assets, etc.	1,314,599.09	2,606,781.00
Goertek Group Co., Ltd.	Purchasing fixed assets, etc.	1,175,396.00	6,700,007.82
Beijing Bubble Lab Co., Ltd.	Purchasing fixed assets, etc.	592,444.40	1,845,155.05
Dynaudio (Shanghai) Co.,Ltd	Purchasing fixed assets, etc.	492,566.37	
Shanghai Goertek Robot Co., Ltd.	Purchasing fixed assets, etc.		943,396.20
Weifang ShiXiang Real Estate Co., Ltd.	Purchasing fixed assets, etc.		387,250.60
Wemake (Beijing) Digital Creative Technology Co., Ltd.	Purchasing fixed assets, etc.		2,237,536.87
Weifang Goertek Home Decoration Engineering Co., Ltd.	Purchasing fixed assets, etc.		6,171,794.28
Wemake (Qingdao) Digital Creative Technology Co., Ltd.	Purchasing fixed assets, etc.		215,405.66
Weifang Goerdyna Technology Co., Ltd.	Disposal of fixed assets	6,676,812.63	9,295,634.00
Goertek Group Co., Ltd.	Disposal of fixed assets	249,760.94	
Qingdao Virtual Reality Institute Co., Ltd.	Disposal of fixed assets	2,646.30	6,485,086.09
Wemake (Weihai) Digital Creative Technology Co., Ltd.	Disposal of fixed assets	478.33	
Weifang Point Hotel Management Co., Ltd.	Disposal of fixed assets		4,760.77

(7) Remuneration of key managers

Unit: RMB

Item	2022	2021
Remuneration of key managers	16,911,750.00	16,950,000.00

(8) Other related transactions

Unit: RMB

Item	Related transactions	Amount of current period	Amount in previous period
Beijing Uphoton Technology Co., Ltd.	Equity investment	200,000,000.00	
GravityXR Electronics and Technology Co., Ltd.	Equity investment	90,000,000.00	
Goerdyna Technology Co., Ltd.	Equity transfer	1,397,700.00	
Jiang Bin	Capital increase to subsidiaries	64,290,000.00	
Jiang Long	Capital increase to subsidiaries	64,290,000.00	
Goertek Group Co., Ltd.	Capital increase to subsidiaries	64,000,000.00	
Zhuoguang Xiangrong Technology (Tianjin) Partnership (Limited Partnership)	Capital increase to subsidiaries	60,200,000.00	

6. Receivables and payables of related parties**(1) Items with accounts receivable**

Unit: RMB

Name of project	Related parties	Closing balance		Opening balance	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision
Accounts receivable	Weifang Goerdyna Technology Co., Ltd.	10,399,970.66	103,999.71	10,925,126.65	109,251.27
Accounts receivable	Little Bird Co., Ltd	2,181,873.05	21,818.73		
Accounts receivable	AKM Industrial Company Limited	466,054.46	4,660.54	516,600.00	5,166.00
Accounts receivable	Shanghai Goertek Robot Co., Ltd.	186,792.73	1,867.93	78,523.44	785.23
Accounts receivable	Goertek Group Co., Ltd.	104,206.00	1,042.06		
Accounts receivable	Weifang Dotcom Catering Management Co., Ltd.	81,198.36	811.98		
Accounts receivable	Jiaxing Yuguang Opto-electronic Technology Co, Ltd.	30,460.37	304.60		
Accounts receivable	Weifang Goer Manor Trading Co., Ltd.	17,614.54	176.15		
Accounts receivable	Weifang High-Tech Zone Yasong Linju Kindergarten	4,500.00	45.00		

Accounts receivable	Beijing Xiaoniao Tingting Technology Co., Ltd			9,233,053.25	92,330.53
Accounts receivable	Dynaudio (Shanghai) Co.,Ltd			189,133.13	1,891.33
Accounts receivable	Qingdao Point Hotel Management Co., Ltd.			252,800.00	2,528.00

(2) Items with accounts payable

Unit: RMB

Name of project	Related parties	Closing book balance	Opening book balance
Accounts payable	AKM Industrial Company Limited	48,787,168.95	39,135,420.36
Accounts payable	Qingdao Virtual Reality Institute Co., Ltd.	6,797,327.04	4,925,805.03
Accounts payable	Goertek Group Co., Ltd.	902,885.49	
Accounts payable	Weifang Goerdyna Technology Co., Ltd.	831,553.78	12,408,592.87
Accounts payable	Weifang Goer Farm Co., Ltd.	640,072.69	1,747,498.74
Accounts payable	Dynaudio (Shanghai) Co.,Ltd	556,600.00	
Accounts payable	Little Bird Co., Ltd	360,559.97	
Accounts payable	Weifang Point Hotel Management Co., Ltd.	331,842.00	98,568.00
Accounts payable	Weifang Goer Manor Trading Co., Ltd.	264,603.04	212,941.81
Accounts payable	Qingdao Point Hotel Management Co., Ltd.	258,802.92	
Accounts payable	Weifang Dotcom Catering Management Co., Ltd.	237,005.09	260,375.00
Accounts payable	Wemake (Qingdao) Digital Creative Technology Co., Ltd.	172,083.50	404,150.41
Accounts payable	Beijing Bubble Lab Co., Ltd.	165,554.34	46,561.60
Accounts payable	BUAA Goertek (Weifang) Intelligent Robot Co., Ltd.	28,248.00	
Accounts payable	Weihai Goer Ecological Agriculture Co., Ltd.	26,800.00	30,200.00
Accounts payable	Weifang Goer Manor food & Beverage Co., Ltd.	17,707.81	37,890.84
Accounts payable	Weifang Gudian Garden Floriculture Co., Ltd.	7,296.00	
Accounts payable	Weifang Goer Property Service Co., Ltd.		1,542.00
Accounts payable	Beijing Xiaoniao Tingting Technology Co., Ltd		2,757,461.08
Accounts payable	Wemake (Weihai) Digital Creative Technology Co., Ltd.		10,293.85
Accounts payable	Dotcom Investment Co., Ltd.		42,478.00
Contract liabilities	Little Bird Co., Ltd	33.57	
Other payables	Weifang Goer Property Service Co., Ltd.	23,623.90	
Other payables	Weifang Goer Real Estate Co., Ltd.	805.20	
Other payables	BUAA Goertek (Weifang) Intelligent Robot Co., Ltd.		28,248.00

7. Commitment of related parties

None

8. Others

None

XIII. Share-based payment

1. Overview of share-based payment

Applicable Not applicable

Unit: RMB

Total amount of equity instruments granted by the Company in the current period	205,604,318.00
Total amount of equity instruments exercised by the Company in the current period	27,828,274.00
Total amount of equity instruments of the Company which are invalid in the current period	6,454,710.00
The range of exercise price of stock options issued by the Company at the end of the period and their remaining period of contract	See Explanation of Other Matters below
The range of exercise price of other equity instrument options issued by the Company at the end of the period and their remaining period of contract	See Explanation of Other Matters below

Other explanations:

(1) The Company's outstanding stock options at the end of the year

① 2022 Stock Option Incentive Plan

To fully mobilize the employees for enthusiasm and creativity, attract and retain outstanding management talents and business backbones, and improve the cohesion of employees and competitiveness of the Company, the "2022 Stock Option Incentive Plan" for the key management backbones and business backbones (excluding directors and senior management) of the Company and its wholly-owned and controlled subsidiaries was considered and approved at the 31st meeting of the 5th Board of Directors held on July 8, 2022, and the 1st extraordinary general meeting of shareholders in 2022 held on July 26, 2022.

The exercise price of the initial grant and reserved portion of the stock options in this incentive plan is RMB 34.24 per share, which is valid for 48 months from the date of the stock option grant to the date when all stock options are exercised or canceled. The waiting periods for the initial grant of stock options and the reserved grant of stock options under this incentive plan are 21 months and 12 months after the grant date, respectively. The exercise periods begin after the expiration of the waiting periods. In the exercise period, the grantees will exercise the options in two phases according to the exercise ratio of 50%:50% at exercisable dates.

The fair value of stock options shall be calculated and determined based on the Black Scholes option pricing model, the value of each stock option for each phase of the initial grant is RMB 2.81 per share and RMB 4.73 per share respectively.

Under the Accounting Standards for Business Enterprises, the Company recognizes share-based payments paid in exchange for employee services at each balance sheet date during the waiting period based on the best estimate of the number of exercisable equity instruments and the fair value of the equity instruments on the grant date. And the payments are amortized over a set service period. The share-based payment amortization expense recognized in 2022 is RMB 28,460,219.04 (RMB 28,460,219.04 in total). The amount included under capital surplus- other capital surplus is RMB 28,450,585.73, and the minority shareholders' equity is RMB 9,633.31.

② 2021 Stock Option Incentive Plan

To fully arouse the enthusiasm and creativity of employees, attract and retain management talents and people who make up the backbone of each department, and improve employee cohesion and the Company's competitiveness, according to the resolution of the 19th meeting of the 5th Board of Directors held on April 16, 2021 and the 2020 Annual General Meeting of Shareholders held on May 7, 2021, the Company shall implement the "2021 Stock Option Incentive Plan" for the important personnel in management and various departments (excluding directors and senior management) of the Company and its wholly-owned and holding subsidiaries.

The exercise price of the initial grant and reserved portion of the stock options in this incentive plan is RMB 29.13 per share, which is valid for 48 months from the date of the stock option grant to the date when all stock options are exercised or canceled. The 12 months from the day when the stock options are granted initially or when the reserved stock options are granted under the Incentive Plan shall

be the waiting period, and the options may be exercised after the end of the waiting period. In the exercise period, the grantees will exercise the options in two phases according to the exercise ratio of 50%:50% at exercisable dates.

The fair value of stock options shall be calculated and determined based on the Black Scholes option pricing model, the value of each stock option for each phase of the initial grant is RMB 12.06 per share and RMB 14.50 per share respectively; and the value of each stock option for each phase of the reserved grant is RMB 5.51 per share and RMB 7.14 per share respectively.

Under the Accounting Standards for Business Enterprises, the Company recognizes share-based payments paid in exchange for employee services at each balance sheet date during the waiting period based on the best estimate of the number of exercisable equity instruments and the fair value of the equity instruments on the grant date. And the payments are amortized over a set service period. The share-based payment amortization expense recognized in 2022 is RMB 303,755,357.46 (RMB 565,880,477.99 in total). The amount included under capital surplus- other capital surplus is RMB 302,029,060.59, and the minority shareholders' equity is RMB 1,726,296.87.

③ Goertek Microelectronics stock option incentive

According to the resolution of General Meeting dated September 29, 2020 and to the resolution of Board of Directors dated October 27, 2020, Goertek Microelectronics shall grant 17.335 million stock options to the directors, senior management and key backbones (excluding supervisors and independent directors) of Goer Microelectronics and its holding subsidiaries to be exercised them in five phases. The corresponding waiting periods are 18 months, 30 months, 42 months, 54 months and 66 months respectively from the date of grant.

Goer Microelectronic applies the Black-Scholes option pricing model to measure and determine the fair value of stock options. The values of stock options for the five phases are respectively RMB 3.41 per share, RMB 4.67 per share, RMB 5.53 per share, RMB 6.28 per share and RMB 7.45 per share.

Under the Accounting Standards for Business Enterprises, Goertek Microelectronics recognizes share-based payments based on the best estimate of the number of exercisable equity instruments and the fair value of the equity instruments on the grant date. And the payments are amortized over a set service period. The share-based payment amortization expense recognized in 2022 is RMB 3,568,283.61 (RMB 34,292,282.09 in total). The amount included under capital surplus- other capital surplus is RMB 3,065,116.37, and the minority interests is RMB 503,167.24.

(2) The Company's other outstanding equity instruments at the end of the year

① "Homeland No. 4" Employee Stock Ownership Plan

To fully arouse the enthusiasm and creativity of employees, attract and retain management talents and people who make up the backbone of each department, and improve employee cohesion and the Company's competitiveness, according to the resolution of the 5th meeting of the 5th Board of Directors held on April 21, 2020 and the 2019 Annual General Meeting of Shareholders held on May 8, 2020, the Company shall implement the "Homeland No.4" employee stock plan for certain directors (excluding independent directors), supervisors and senior management as well as important personnel in management and various departments.

In order to ensure the efficiency of the incentives, the employee stock plan received the transfer of 49,270,100 shares in the Company's specific securities repurchase account at nil, and no employee was required to pay for the shares. The validity period of the "Homeland No.4" employee stock plan is 48 months, and the shares shall be released in three stages. The time of release is the end of 12 months, 24 months or 36 months from the day when the Company declares the transfer of the last underlying shares of the Company to the name of this employee stock plan.

Under the Accounting Standards for Business Enterprises, the Company recognizes share-based payments paid in exchange for employee services at each balance sheet date during the waiting period based on the best estimate of the number of exercisable equity instruments and the fair value of the equity instruments on the grant date. And the payments are amortized over a set service period. The share-based payment amortization expense recognized in 2022 is RMB 138,693,750.47 (RMB 1,015,624,005.31 in total). The amount is included under capital surplus- other capital surplus.

② "Homeland No. 5" Employee Stock Ownership Plan

To fully arouse the enthusiasm and creativity of employees, attract and retain management talents and people who make up the backbone of each department, and improve employee cohesion and the Company's competitiveness, according to the resolution of the 19th meeting of the 5th Board of Directors held on April 16, 2021 and the 2020 Annual General Meeting of Shareholders held on May 7, 2021 to implement the "Homeland No.5" employee stock plan for certain directors (excluding independent directors), supervisors and senior management as well as important personnel in management and various departments who have made important contributions to the development of the Company.

The "Homeland No.5" employee stock plan received the transfer of shares in the Company's special securities account for re-purchase at RMB 10 per share. The shares under the employee stock plan will be released in two stages. The time of release is the end of 12 months or 24 months from the day of the transfer of the shares under the employee stock plan to this employee stock plan.

Under the Accounting Standards for Business Enterprises, the Company recognizes share-based payments paid in exchange for employee services at each balance sheet date during the waiting period based on the best estimate of the number of exercisable equity instruments and the fair value of the equity instruments on the grant date. And the payments are amortized over a set service period. The share-based payment amortization expense recognized in 2022 is RMB 120,185,821.65 (RMB 231,219,021.65 in total). The amount is included under capital surplus- other capital surplus.

③ "Homeland No. 6" Employee Stock Ownership Plan

To fully arouse the enthusiasm and creativity of employees, attract and retain management talents and people who make up the backbone of each department, and improve employee cohesion and the Company's competitiveness, according to the resolution of the 2nd meeting of the 6th Board of Directors held on December 2, 2022 and the 3rd extraordinary general meeting of shareholders in 2022 held on 19 December 2022 to implement the "Homeland No. 6" employee stock plan for certain directors (excluding independent directors), supervisors and senior management as well as important personnel in management and various departments who have made important contributions to the development of the Company.

The "Homeland No.6" employee stock plan received the transfer of shares in the Company's special securities account for re-purchase at RMB 7 per share. The shares under the employee stock plan will be released in four stages. The time of release is the end of 18 months, 30 months, 42 months, or 54 months from the day of the transfer of the shares under the employee stock plan to this employee stock plan.

Under the Accounting Standards for Business Enterprises, the Company recognizes share-based payments paid in exchange for employee services at each balance sheet date during the waiting period based on the best estimate of the number of exercisable equity instruments and the fair value of the equity instruments on the grant date. And the payments are amortized over a set service period. The share-based payment amortization expense recognized in 2022 is RMB 8,469,500.90 (RMB 8,469,500.90 in total). The amount is included under capital surplus- other capital surplus.

④ Goertek Microelectronics equity incentive by way of capital increase

According to the resolution of the General Meeting of Shareholders on September 29, 2020 and the amended Articles of Association of Goertek Microelectronics Co., Ltd., the natural-person shareholders Mr. Jiang Long and Mr. Song Qinglin subscribed for 21,500,000 shares of Goertek Microelectronics by way of capital increase. The capital increase price was RMB 2 per share, which was lower than the fair value of Goertek Microelectronics shares, and the amount constituted a share-based payment.

Under the Accounting Standards for Business Enterprises, Goertek Microelectronics recognizes share-based payments based on the best estimate of the number of exercisable equity instruments and the fair value of the equity instruments at the grant date. And the payments are amortized over a set service period. The share-based payment amortization expense recognized in 2022 is RMB 49,923,000.00 (RMB 112,702,882.19 in total). The amount included under capital surplus- other capital surplus is RMB 42,883,307.85, and the minority interests is RMB 7,039,692.15.

⑤ Goertek Optical equity incentive by way of capital increase

According to the resolution of the General Meeting of Shareholders on June 20, 2022 and the amended Articles of Association of Goertek Optical Technology Co., Ltd., the natural-person shareholders Mr. Jiang Bin, Mr. Jiang Long, and Goertek Optical employee shareholding platform subscribed for 257.16 million shares of Goertek Optical by way of capital increase. The capital increase price was RMB 1.5 per share, which was lower than the fair value of Goertek Optical shares, and the amount constituted a share-based payment.

Under the Accounting Standards for Business Enterprises, Goertek Optical recognizes share-based payments based on the best estimate of the number of exercisable equity instruments and the fair value of the equity instruments at the grant date. And the payments are amortized over a set service period. The share-based payment amortization expense recognized in 2022 is RMB 6,320,075.41 (RMB 6,320,075.41 in total). The amount included under capital surplus- other capital surplus is RMB 4,972,698.53, and the minority interests is RMB 1,347,376.88.

2. Share-based payment settled with equity

Applicable Not applicable

Unit: RMB

Determination method of the fair value of equity instruments at the date of grant	Black-Scholes model and fair value of equity instruments at the date of grant
Basis for determining the quantity of equity instruments with vesting	The Company makes the determination according the equity instruments corresponding to the current target employees and the forecast of the Company's performance in the next year, etc.
Reason for significant difference in estimation in the current period and estimation in the last period	None
Accumulative amount of equity-settled share-based payment included in capital surplus	2,002,968,464.58
Total amount of share-based payment settled with equity in current period	659,376,008.54

3. Cash-settled payment settled in cash

Applicable Not applicable

4. Modification and termination of share-based payment

On June 30, 2022, the Board of Directors of Goertek Microelectronics considered and approved the Proposal to adjust the "2020 Stock Option Incentive Plan" and other proposals to adjust the relevant exercise dates. The grant date of the Stock Option Incentive Plan is October 27, 2020. The granted stock options are to be exercised in five installments, and the corresponding waiting periods are 24 months, 36 months, 48 months, 60 months, and 72 months from the date of grant respectively.

Due to the substandard performance in 2022 and the failure to meet the exercise conditions for the second exercise period of the stock option incentive plan, Goertek Microelectronics intends to cancel 2.668 million shares of stock options.

5. Others

None

XIV. Commitments and contingencies

1. Important commitments

Important commitments on the balance sheet date

None

2. Contingencies

(1) Important contingencies on the balance sheet date

① Contingent liability derived from pending litigations and arbitrations, and financial influence therefrom

None

② Contingent liabilities and financial impacts from debt guarantees for other organizations

As of the report date, except that the guarantees provided by the Company to its subsidiaries Goertek (HongKong) Co., Limited, Goertek Technology Vina Company Limited, Weifang Goertek Microelectronics Co., Ltd., Rongcheng Goertek Microelectronics Co., Ltd., and Goertek Microelectronics Inc. are not fulfilled as specified in Note XII.5, there is no debt guarantees of the Company provided to other entities.

③ Contingent liabilities related to investments in joint ventures or associates

None

④ Other contingent liabilities and financial impacts

None

(2) The Company shall make a statement even if it does not have important contingencies to be disclosed

There are no important contingencies to be disclosed in the Company.

3. Others

None

XV. Matters after balance sheet date**1. Important non-adjustment matters**

Unit: RMB

Item	Content	Impacted amount on financial conditions and operating results	The reason why the impacted amount cannot be estimated
The progress of listing of a subsidiary, Goertek Microelectronics Inc. on SZSE ChiNext	Goertek Microelectronics Inc., a subsidiary of the Company, plans to be listed on the ChiNext of Shenzhen Stock Exchange. At present, the review procedure for issuance and listing is suspended.	Not applicable	

2. Profit distribution

Unit: RMB

Profits or dividends to be distributed	340,516,294.90
Profits or dividend declared after deliberation and approval	340,516,294.90
Profit distribution plan	Based on the total share capital registered on the record date of equity distribution minus the repurchased shares in the Company's specific securities repurchase account, the Company will distribute cash dividend of RMB 1.00 (tax inclusive) for every 10 shares to all the shareholders, as well as 0 bonus shares (tax inclusive), and there is no conversion of capital surplus into share capital.

3. Sales return

None

4. Explanation of other matters after the balance sheet date

On April 6, 2023, Mr. Jiang Long, Vice Chairman, Director, and President of the Company, resigned from the above position of the Company for personal reasons. After his resignation, Mr. Jiang Long will serve as a senior advisor of the Company.

XVI. Other important matters**1. Correction of early accounting errors**

None

2. Debt restructuring

None

3. Asset replacement

None

4. Annuity plan

None

5. Discontinued operation

None

6. Division information

None

7. Other important transactions and matters that have an impact on investors' decisions

None

8. Others**Lease**

(1) The Group as lessee

① For information on right-of-use assets and lease liabilities, please see Note VII. 16 and 34.

② Information on items recorded in current profit or loss and relevant asset costs

Unit: RMB

Items	Amount of current period	Amount in previous period
Short-term lease expense (simplified treatment applies)	70,892,405.81	56,008,840.98
Interest on lease liabilities included in finance expenses	17,092,607.19	13,692,320.31
Income derived from the sublease of the right-of-use assets	1,196,937.46	3,465,424.78

③ Cash outflows related to leases

Unit: RMB

Items	Category of cash flows	Amount of current period	Amount in previous period
Cash for repayment of principal and interest of lease liabilities	Cash outflows from financing activities	128,750,261.16	102,991,821.74
Payment for short-term leases and leases for low-value assets (simplified treatment applies)	Cash outflows from operating activities	70,892,405.81	56,008,840.98
Total		199,642,666.97	159,000,662.72

(2) The Group as lessor

① Information on financing lease

None

② Information on operating lease

Unit: RMB

Items	Reported items	Amount of current period	Amount in previous period
Lease income	Other business income	148,658,794.96	53,039,818.78

XVII. Notes to major items in the financial statements of the parent company

1. Accounts receivable

(1) Accounts receivable disclosed by classification

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Including:										
Accounts receivable with bad debts reserves by group	8,897,702,147.22	100.00%	27,102,669.02	0.30%	8,870,599,478.20	8,040,359,505.41	100.00%	31,185,331.21	0.39%	8,009,174,174.20
Including:										
Group by aging	2,686,302,309.44	30.19%	27,102,669.02	1.01%	2,659,199,640.42	3,118,533,121.24	38.79%	31,185,331.21	1.00%	3,087,347,790.03
Related party group	6,211,399,837.78	69.81%			6,211,399,837.78	4,921,826,384.17	61.21%			4,921,826,384.17
Total	8,897,702,147.22	100.00%	27,102,669.02	0.30%	8,870,599,478.20	8,040,359,505.41	100.00%	31,185,331.21	0.39%	8,009,174,174.20

Bad debt reserve grouping: Group by aging

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Within 1 year	2,685,475,944.16	26,854,759.44	1.00%
1 to 2 years	826,365.28	247,909.58	30.00%
2 to 3 years			
Over 3 years			
Total	2,686,302,309.44	27,102,669.02	

Bad debt reserve grouping: Related party group

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Within 1 year	6,211,399,837.78		
1 to 2 years			
2 to 3 years			
Over 3 years			
Total	6,211,399,837.78		

If the provision for bad debts on accounts receivable is based on the general model of expected credit losses, please disclose information about the provision for bad debts by referring to the disclosure of other receivables:

Applicable Not applicable

Disclosed by age of accounts receivable

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	8,896,875,781.94
1 to 2 years	826,365.28
Total	8,897,702,147.22

(2) Accrual, recovery or return of bad debt reserve in current period

None

(3) Accounts receivable actually written off in current period

None

(4) Accounts receivable of the 5 highest closing balance by debtor

Unit: RMB

Company name	Closing balance of accounts receivable	Proportion of total closing balance of accounts receivable	Closing balance of bad debt provision
Company 1	3,248,732,170.92	36.51%	
Company 2	1,370,781,730.38	15.41%	
Company 3	544,455,732.91	6.12%	5,444,557.33
Company 4	521,513,579.22	5.86%	
Company 5	457,118,861.92	5.14%	
Total	6,142,602,075.35	69.04%	

(5) Amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

None

(6) Accounts receivable derecognized due to transfer of financial assets

None

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	7,549,205,233.13	3,927,667,930.14
Total	7,549,205,233.13	3,927,667,930.14

(1) Interest receivable

None

(2) Dividends receivable

None

(3) Other receivables**1) Classification of other receivables by nature of payment**

Unit: RMB

Nature of payment	Closing book balance	Opening book balance
Current account	7,513,774,764.36	3,774,035,738.53
Security deposit	5,919,227.94	40,178,537.85
Tax refund for export receivable		91,830,238.29
Withholding and remitting social insurance and housing provident fund	30,376,964.77	25,693,583.89
Total	7,550,070,957.07	3,931,738,098.56

2) Provision for bad debts

Unit: RMB

Bad-debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss over the next 12 months	Expected credit loss for the entire duration (credit impairment not occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as of January 1, 2022:	4,070,168.42			4,070,168.42
Balance as of January 1, 2022 in the current period				
Accrual in the current period	-3,204,444.48			-3,204,444.48
Balance as of December 31, 2022:	865,723.94			865,723.94

Significant changes in the carrying value of changes in the allowances for losses in the current period

 Applicable Not applicable

Disclosed by age of accounts receivable

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	7,416,585,872.52
1 to 2 years	133,312,317.97
2 to 3 years	3,266.41
Over 3 years	169,500.17
3 to 4 years	69,500.17
4 to 5 years	0.00
Over 5 years	100,000.00
Total	7,550,070,957.07

3) Accrual, recovery or return of bad debt reserve in current period

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	Withdrawal or write-back	Write-off	Other	
Group by aging	4,070,168.42	-3,204,444.48				865,723.94
Total	4,070,168.42	-3,204,444.48				865,723.94

4) Other receivables actually written off in the current period

None

5) Other receivables of the 5 highest closing balance by debtor

Unit: RMB

Company name	Nature of payment	Closing balance	Aging	Ratio in the total closing balance of other receivables	Closing balance of bad debt provision
Company 1	Current account	2,236,100,000.00	Within 1 year	29.62%	
Company 2	Current account	2,025,329,657.63	Within 1 year	26.83%	
Company 3	Current account	1,223,530,287.69	Within 1 year	16.21%	
Company 4	Current account	705,971,412.50	Within 1 year	9.35%	
Company 5	Current account	664,922,879.36	Within 1 year	8.81%	
Total		6,855,854,237.18		90.82%	

6) Other receivables involving government subsidies

None

7) Other receivables derecognized due to transfer of financial assets

None

8) Amount of assets and liabilities formed by transferring other receivables and continuing to be involved

None

3. Long-term equity investments

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Investment in subsidiaries	6,569,063,091.12		6,569,063,091.12	6,182,937,106.09		6,182,937,106.09
Investment in associated businesses and joint ventures	192,305,163.87		192,305,163.87			
Total	6,761,368,254.99		6,761,368,254.99	6,182,937,106.09		6,182,937,106.09

(1) Investment in subsidiaries

Unit: RMB

Invested entity	Opening balance (book value)	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
		Investment addition	Investment reduction	Provision for impairme nt reserve	Other		
Weifang Goertek Electronics Co., Ltd.	1,461,802,456.32	26,502,266.94				1,488,304,723.26	
Weifang Goertek Trading Co., Ltd.	50,369,428.17	1,176,985.98				51,546,414.15	
Yishui Goertek Electronics Co., Ltd.	30,000,000.00					30,000,000.00	
Yili Precision Manufacturing Co., Ltd.	331,899,916.31	6,645,851.82				338,545,768.13	
Goertek Optical Technology Co., Ltd	596,988,221.40	10,061,801.21				607,050,022.61	
Goertek Technology Co., Ltd.	958,337,466.08	31,376,217.82				989,713,683.90	
Beijing Goertek Technology Co., Ltd.	30,160,833.60	26,656,809.23				56,817,642.83	
Qingdao Goertek Acoustics Technology Co., Ltd.	61,876,266.54	27,071,578.01				88,947,844.55	
Shenzhen Goertek Technology Co., Ltd.	66,492,459.02	18,144,699.48				84,637,158.50	
Shanghai Goertek Technology Co., Ltd.	19,953,450.46	9,948,636.18				29,902,086.64	
Nanjing Goertek Technology Co., Ltd.	50,591,085.07	375,419.79				50,966,504.86	
Shenzhen Mototek Smart Technology	4,002,592.81	8,000,000.00	12,002,592.81				

Invested entity	Opening balance (book value)	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
		Investment addition	Investment reduction	Provision for impairment reserve	Other		
Co., Ltd.							
Weifang Lokomo Precision Industry Co., Ltd.	50,632,152.89	1,299,249.01				51,931,401.90	
Goertek Investment Co., Ltd.	78,000,000.00	5,000,000.00				83,000,000.00	
Beijing Goertek Investment Management Co., Ltd.	2,744,323.56	1,591,323.18				4,335,646.74	
Dongguan JoyForce Precision Manufacturing Co., Ltd.	30,633,305.44	737,675.11				31,370,980.55	
Goertek Vina Co., Ltd	247,634,379.61					247,634,379.61	
Goertek Technology Korea Co., Ltd.	66,743,212.77					66,743,212.77	
Goertek Electro nics, Inc.	206,204,739.77	4,622,220.97				210,826,960.74	
Goertek Technology Taiwan Co., Ltd.	129,078,085.50	20,877.78				129,098,963.28	
Goertek Technology Japan Co., Ltd.	114,559,591.29	19,669,345.44				134,228,936.73	
Goertek Seiki Technology Co., Ltd.	1,024,111.56					1,024,111.56	
Goertek Intelligence Technology Co., Ltd.	352,561,720.50	2,993,460.18				355,555,180.68	
Goertek Microelectronic s Inc.	819,445,743.75					819,445,743.75	
Beijing Goertek Microelectronic s Co., Ltd.	5,053,458.52					5,053,458.52	

Invested entity	Opening balance (book value)	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
		Investment addition	Investment reduction	Provision for impairment reserve	Other		
Qingdao Goertek Microelectronic s Research Institute Co., Ltd.	460,436.04					460,436.04	
Qingdao Goertek Intelligent Sensor Co., Ltd.	842,096.78					842,096.78	
Rongcheng Goertek Microelectronic s Co., Ltd.	524,895.84					524,895.84	
Shanghai Goertek Microelectronic s Co., Ltd.	2,758,811.23					2,758,811.23	
Shenzhen Goertek Microelectronic s Co., Ltd.	1,206,995.30					1,206,995.30	
Weifang Goertek Microelectronic s Co., Ltd.	17,208,205.72					17,208,205.72	
Wuxi Goertek Microelectronic s Co., Ltd.	940,460.62					940,460.62	
Qingdao Goertek Commercial Factoring Co., Ltd.	50,802,186.89	972,645.57				51,774,832.46	
Kunshan Goertek Electronics Co., Ltd	152,443,503.48					152,443,503.48	
Rongcheng Goertek Technology Co., Ltd.	100,696,635.98	4,041,660.58				104,738,296.56	
Nanning Goertek Electronics Co.,	80,000,000.00	233,954.95				80,233,954.95	

Invested entity	Opening balance (book value)	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
		Investment addition	Investment reduction	Provision for impairme nt reserve	Other		
Ltd							
Xi'an Goertek Electronic Technology Co., Ltd.	8,263,877.27	664,747.07				8,928,624.34	
Weifang High- tech Zone Goertek Education Center		300,000.00				300,000.00	
Qingdao Resonance Venture Capital Management Co., Ltd.		2,295,000.00	2,295,000.00				
Qingdao Resonance Phase I Venture Capital Fund Partnership (Limited Partnership)		160,000,000.00				160,000,000.00	
Qingdao Goertek Horizons Technology Co., Ltd		30,021,151.54				30,021,151.54	
Total	6,182,937,106.09	400,423,577.84	14,297,592.81			6,569,063,091.12	

(2) Investment in associated businesses and joint ventures

Unit: RMB

Investor	Opening balance (book value)	Increase or decrease in the current period								Closing balance (book value)	Closing balance of impairment provision
		Investment addition	Investment reduction	Recognize d investment gain and loss under equity method	Other comprehensi ve income adjustments	Other changes in equity	Cash dividends or profits declared	Provision for impairment reserve	Other		
I. Joint Venture											
II. Affiliated enterprises											
Beijing Uphoton Technology Co., Ltd.		200,000.00 0.00		- 7,694,836. 13						192,305,16 3.87	
Sub-total		200,000.00 0.00		- 7,694,836.						192,305,16 3.87	

				13							
Total		200,000.00 0.00		7,694,836. 13						192,305,16 3.87	

(3) Explanation of other matters:

None

4. Operating revenue and operating cost

Unit: RMB

Item	2022		2021	
	Income	Cost	Income	Cost
Main business	35,652,094,423.46	32,162,388,871.15	28,940,399,193.43	25,585,348,376.14
Other business	7,325,297,627.45	5,829,646,168.53	9,630,277,984.27	7,877,421,262.62
Total	42,977,392,050.91	37,992,035,039.68	38,570,677,177.70	33,462,769,638.76

Information about performance obligations:

None

5. Investment income

Unit: RMB

Item	2022	2021
Return on long-term equity investments measured by the equity method	-7,694,836.13	
investments income from disposal of long-term equity investments	-10,604,892.81	
Investment income from disposal of financial assets held for trading	9,695,767.32	197,230,152.13
Dividend income from long-term equity investments of subsidiaries	645,651,914.62	
Investment income from products such as certificates of deposit	20,466,167.48	2,488,497.76
Profits or losses arising from derecognised financial assets at amortised cost		-2,297,194.72
Discount losses of financing receivables that meet the conditions for derecognition	-833,626.41	
Other		295,443.10
Total	656,680,494.07	197,716,898.27

6. Others

None

XVIII. Supplementary information**1. Statement of non-recurring profits and losses for the current period** Applicable Not applicable

Unit: RMB

Item	Amount	Explanation
Loss or gain from disposal of non-current assets	122,922,237.61	Mainly investment income from disposal of equity owned in other companies
Tax refunds, reductions, and exemptions approved ultra vires or without official approval documents		
Government subsidies included in the current profits and losses (except those closely related to the Company's normal business, comply with national policies and regulations, and continuously grant in accordance with a certain standard quota or quantity)	351,383,799.43	Mainly special funds for enterprise innovation and development and other government subsidies
Fund occupancy fees charged to non-financial enterprises that are included in current profit and loss		
Income generated from the fair value of the identifiable net assets of an investee that is enjoyed by the Company when the investment cost of acquiring a subsidiary, joint venture, or joint venture is less than the cost of acquiring the investment		
Profits and losses from exchange of non-monetary assets		
Profits and losses from entrusting others to invest or manage assets		
Provisions for impairment of various assets due to force majeure, such as natural disasters		
Profits and losses from debt restructuring		
Enterprise reorganization expenses, such as expenses for relocating employees, integration expenses, etc.		
Profits and losses in excess of the fair value arising from a transaction with an apparently unfair price		
Current net profits and losses of a subsidiary from the beginning of the current period until the combination date resulting from a business combination under common control		
Profits and losses arising from contingencies unrelated to the normal operation of the Company		
In addition to the effective hedging business related to normal business of the Company, the profits and losses from the changes in fair value arising from holding financial assets held for trading and financial liabilities held for trading, as well as the investment income obtained from the disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets	-367,080,970.87	Mainly the gains from the fair value changes and transaction of the Company's foreign exchange derivatives
Reversal of provision for impairment of receivables individually tested for impairment		
Profits and losses on external entrusted loans		
Profits and losses arising from changes in the fair value of investment properties subsequently measured using a fair value model		

The impact of one-time adjustment on the current profits and losses according to the requirements of tax, accounting, and other laws and regulations		
Custody fee income from entrusted operations		
Other non-operating income and expenditures other than those mentioned above	15,710,102.76	
Other profit and loss items that meet the definition of non-recurring profit and loss	42,288,231.23	Mainly tax benefits and investment income from large-denomination deposits and other products
Less: Impact of income tax	26,114,589.64	
Impact of minority interests	17,306,309.42	
Total	121,802,501.10	--

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable Not applicable

Mainly tax benefits and investment income from large-denomination deposits and other products

Description of defining the non-recurring profit and loss items, which are listed in Explanatory Announcement No. 1 on Information Disclosure for Companies with Public Offerings of Securities - Non-recurring Profit and Loss, as recurring profit and loss

Applicable Not applicable

2. Net assets income rate and earnings per share

Profit during the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share (RMB / share)	Diluted earnings per share (RMB / share)
Net profit attributable to ordinary shareholders of the Company	6.17%	0.52	0.52
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profits and losses	5.74%	0.49	0.49

3. Differences in accounting data under domestic and foreign accounting standards

(1) Differences in net profits and net assets in the financial reports disclosed pursuant to international accounting standards and Chinese accounting standards at the same time

Applicable Not applicable

(2) Differences in net profits and net assets in the financial reports disclosed pursuant to foreign accounting standards and Chinese accounting standards at the same time

Applicable Not applicable

(3) Explanation of reasons for differences in accounting data under domestic and foreign accounting standards; if the data audited by an overseas audit firm is adjusted for differences, the name of the overseas firm shall be indicated.

None

4. Others

None

Goertek Inc.

Chairman: Jiang Bin

April 17, 2023